

## Shultz, in Mideast, Says Israeli Pullout 'Can Be Negotiated'

By John M. Goshko  
Washington Post Service  
U.S. Secretary of State George P. Shultz, the secretary of state, said Monday that reaching an agreement on withdrawal of Israeli forces from Lebanon was "a very double-edged sword" and that he would use shuttle diplomacy or "whatever is necessary" to reach an accord.

Speaking aboard his plane en route here, Mr. Shultz said he had assurances from the various sides to the Arab-Israeli dispute that either an agreement on Lebanon or the wider objective of putting President Ronald Reagan's Middle East peace initiative back on course.

Mr. Shultz emphasized that he was prepared to stay in the region "as long as there's a chance to accomplish something." His scheduled for two weeks of travel through the region.

Mr. Shultz made it clear that his order of business would be to seek the prolonged stalemate over Israeli-Lebanese agreement that had kept the way for withdrawal of Israeli forces from Lebanon, Syrian and Palestinian Liberation Organization forces from Lebanon.

In addition, Mr. Shultz was going to explore ways to overcome the potentially fatal setback to Mr. Reagan's peace initiative two weeks ago by the collapse of talks between King Hussein of Jordan and Yasser Arafat, the PLO leader.

The Reagan initiative called for an expanded peace process on the future status of the Israeli-occupied West Bank and Gaza Strip. But Hussein said he did not come forward unless the O gave him a mandate to negotiate with Israel on behalf of the Palestinian inhabitants of these territories.

Upon arriving here, Mr. Shultz immediately plunged into a lengthy

strategy meeting with Mr. Rengan's two special Middle East envoys, Philip C. Habib and Morris Draper, and the U.S. ambassadors to Israel and the principal Arab countries of the region.

On Tuesday, Mr. Shultz is to meet with President Hosni Mubarak of Egypt to seek his views.

While Mr. Mubarak is a close ally of the United States, his impact on Mr. Shultz's efforts is likely to be marginal because Egypt's peace treaty with Israel has isolated it from most of the Arab world.

U.S. officials expect Mr. Shultz's mission to move into high gear Wednesday when he goes to Jerusalem to begin discussions with Prime Minister Menachem Begin and his senior aides.

Using Jerusalem as a base, Mr. Shultz will visit Beirut toward the end of the week. He said Monday that, depending on how things develop, he could shuttle from Israel to Jordan and Syria. There also is a strong expectation that Mr. Shultz will go to Saudi Arabia to confer with King Fahd.

When asked how long he might remain in the Middle East, Mr. Shultz replied: "I don't know yet. We just have to see how it goes." But he emphasized: "I'm prepared to work at it as long as there's a chance to accomplish something."

When asked whether that meant willingness to engage in shuttle diplomacy, he replied: "Oh, sure. Whatever is necessary."

**Defining the Issues**

Lebanese and Israeli negotiators met near Beirut on Monday to pinpoint the areas of dispute in their 16-week-old talks on an Israeli withdrawal from Lebanon. Reuters reported from Khalde, Lebanon.

Sources on both sides said they were preparing a list of disputed points that would be presented to Mr. Shultz to help him in negotiating an agreement.



U.S. Secretary of State George P. Shultz, left, spoke to reporters Monday after his arrival at the Cairo airport on a Middle East tour. Next to him were Egypt's foreign minister, Kamal Hassan Ali, center, and the state minister for foreign affairs, Butros Ghali.

## Socialist Victory Seen in Portugal; Ruling Social Democrats Concede

Compiled by Our Staff From Dispatches  
LISBON — Portugal's ruling Social Democratic Party publicly conceded defeat Monday in the Portuguese general election and said it would respect a Socialist victory.

The Socialist Party of former Prime Minister Mario Soares, 58, emerged as the undisputed winner of the elections, but computer forecasts showed it would not get the overall parliamentary majority needed to rule alone.

"We will respect the victory of the Socialist Party, and it is up to the Socialists to take the initiative

in forming a new government," the Social Democrats' joint leader, Henrique Nogueira Rodrigues, said on television.

The results represented a crushing defeat for the Social Democrats and their conservative partners after three years in power and opened the way for Mr. Soares to return to power.

Mr. Soares and the Socialists ran a minority government from the beginning of 1976 through the end of 1977, when they entered into a coalition with the conservative Christian Democrats that lasted about six months.

Twelve parties and two alliances fielded candidates in the Monday's voting, the 10th national election since Portugal's 48-year-old dictatorship on April 25, 1974.

The nation's 7.2 million voters were choosing the fourth four-year parliament, or Assembly of the Republic, since the coup. The party that wins the most seats in the 250-member body will be asked by the president to form a new government.

President Antonio Ramalho Eanes, an army reserve general whose post is not at stake, dissolved parliament in January and called for new elections after the collapse of Prime Minister Francisco Pinto Balsemão's governing Democratic Alliance, a coalition of Social Democrats, Christian Democrats and monarchists.

The coalition had an 18-seat majority in the dissolved parliament, but its members were not running on a unified slate in Monday's election.

Many voters and election officials throughout Portugal wore red carnations, the symbol of the April 25 revolution.

The national election commission had ruled earlier that the flower was not recognized as the symbol of any political party and could therefore be worn in polling stations.

In the northern city of Oporto, hundreds of protesters forced their way into a polling station and tore up the printed ballots to protest a recent zoning decision that reduced the size of their constituency.

Discussion of the country's economic crisis dominated the three-day campaign that ended Saturday with an official "day of reflection."

Mr. Soares promised that the first priority of a Socialist government would be to introduce austerity measures.

Portugal's foreign debt is \$13.1 billion, with \$400 million in interest payments coming due in June. The country's trade deficit has doubled since 1979, reaching an estimated \$5 billion last year.

Three other nations on the southern flank of Western Europe — Spain, France and Greece — have Socialist-led governments.

## Greece Cancels Meeting With U.S. Official Over His Remarks on Turkey

By Marvyn Howe  
New York Times Service  
ATHENS — Prime Minister Andreas Papandreu canceled Monday a meeting with the U.S. assistant secretary of state, Richard R. Burt, following Mr. Burt's reported declarations of support for Turkey, and the U.S. aide subsequently postponed his visit to Greece indefinitely.

Speaking on television later Monday, Mr. Papandreu warned that negotiations on the future of U.S. bases in Greece could not continue without an agreement on the duration of the accord and a U.S. commitment to preserve the balance of forces in the region.

Mr. Papandreu did not mention the Burt incident in his television declaration, but it was clearly timed to show Washington that Greece stood firm on the question of a balance of forces with Turkey and a timetable for the base agreement.

In a brief message to the Greek people that was essentially aimed at the United States, the prime minister stressed: "It is the Greek government's inalienable right to suspend some or the entire activities of the United States bases where the nation's vital interests call for it."

Speaking in Ankara on Sunday, the Greek government reacted



Richard R. Burt

swiftly to the reported statements, announcing Monday morning that Mr. Burt's meetings with the prime minister and the undersecretaries of foreign affairs and defense had been canceled.

A spokesman for the U.S. Embassy said Monday: "In view of the decision taken by the Greek government, Mr. Burt will not be coming to Greece at this time."

A Greek spokesman had said Sunday: "If the information of the foreign news agencies about the statements of Mr. Burt in Ankara is correct, we wonder what is the purpose of Mr. Burt's visit to Athens."

Mr. Burt had been expected to arrive in Athens on Monday evening and meet with Mr. Papandreu on Tuesday.

Mr. Burt's comments in Ankara were seen in Greek official circles as an attempt by Washington to put additional pressure on the talks on U.S. bases, particularly in relation to Athens's demand for assurances that the balance of forces be maintained.

In his television statement, Mr. Papandreu said that the U.S. negotiator in the base talks, Reginald Bartholomew, "does not appear to accept either the timetable nor the preservation of the military

(Continued on Page 2, Col. 6)

## Glemp Warns on Protests

### Poles Cautioned Against Violence During May Day

By John Kifner  
New York Times Service  
WARSAW — Poland's Roman Catholic primate has warned of possible trouble in anti-government demonstrations called by the Solidarity underground for May 1.

"It is our duty to warn you against a danger, for whenever manifestations take place, events not intended by the organizers may occur," Cardinal Jozef Glemp said in sermon Sunday night that was reported in a pro-government Catholic newspaper and distributed by the state news agency Monday.

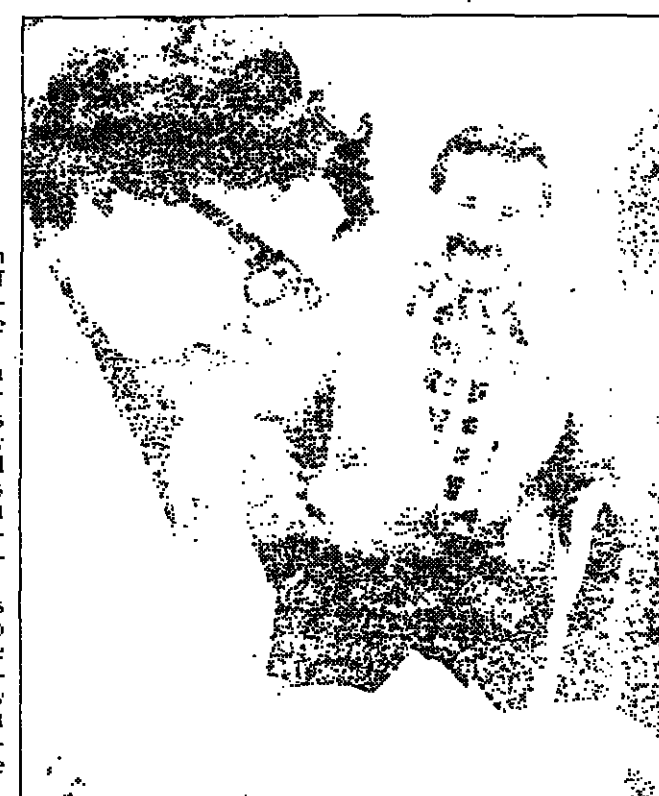
Cardinal Glemp's remarks appeared to deal a sharp blow to Solidarity supporters, who have linked their movement to the powerful symbols of the church. They were made as the government stepped up its propaganda campaign aimed at discouraging the demonstrations.

Since May 1 falls on Sunday, churches would be a natural place for people to gather before a march. Many churches here are still identified with Solidarity, the outlawed labor federation, and some maintain more or less permanent displays of support.

An underground leaflet circulating here Monday urged people to go to Mass in the area of Castle Square at the edge of Warsaw's Old Town and then be ready to go to an independent May Day march. There are a number of nearby churches, including St. Anne's, where a huge floral cross in a courtyard has become a symbol of resistance.

"The worker's holiday, taken from us by the self-styled people's authorities, has again become the holiday of Poland's working people fighting for bread, justice and freedom," the underground leaflet said.

Cardinal Glemp's remarks, delivered in the agricultural town of Gniezno, a traditional seat of Polish primates, were characteristically oblique. He did not exactly order Catholics to stay away from demonstrations, but he certainly expressed lack of enthusiasm for them.



Lech Walesa talking to a doctor at a Gdansk clinic where he was examined on Monday before his return to work.

He reportedly stated that the church had never said how working people should spend their holiday, but pointedly added that he hoped the coming Sunday would be "full of peace and prayer." He also referred to the hope of Pope John Paul II that Poland would be "passing from disquiet to peace."

"May nothing disturb the prayers in churches," the Catholic paper Slowo Powszechne quoted the cardinal as saying. "Let us come to the truth in the peace of Christ."

The strike call was issued by the underground leadership of Solidarity, Lech Walesa, who was the union's leader, had announced that he had met secretly with the fugitives and agreed on strategy. Last week, after being questioned several times by the police, Mr. Walesa said that "workers have a right to celebrate their own holidays," a statement that was widely viewed as a tacit endorsement.

On Sunday, the authorities announced they had arrested a member of the five-man underground leadership committee, Jozef Pimor, in the southwestern industrial city of Wroclaw.

There were also lengthy stories in the Communist Party newspaper, Trybuna Ludu, and several other papers, based on investigations of an agency called the Supreme Chamber of Control, to the effect that Solidarity funds had been mismanaged, spent mostly on publicity and sometimes used for such purposes as underwriting a book about Mr. Walesa.

Meanwhile, Mr. Walesa himself reported back to work at the Lenin Shipyard in Gdansk. He had not actually worked there since being involved in a strike in 1976, but he had climbed over the fence to lead the August 1980 strike that launched Solidarity.

He was given a medical examination Monday and forms to fill out and told to come back Tuesday morning.

## Hitler Diaries: The Doubt Grows

### English Expert Now Uncertain of Authenticity

Impaled by Our Staff From Dispatches  
LAMBURG — With doubts lining over the authenticity of diaries attributed to Adolf Hitler, an English expert on the Nazi leader's life said Monday he now doubts that they are genuine.

Speaking at a news conference led by Stern, the West German magazine that is printing extracts of the diaries, Hugh Trevor-Roper, now Lord Dacre, said the magazine refused to disclose the



Gert Heilmann, the West German journalist who claims to have discovered Hitler's diaries, presented some of the documents at a press conference in Hamburg on Monday.

copies look for manipulation of any in the diaries. Page 2.

identity of the man who allegedly aged the diaries from the wreckage of a plane in what is now East Germany and hid them in a cave.

Mr. Trevor-Roper said his doubts were based on the inability of the magazine to prove that the diaries came from an aircraft that shed while carrying Hitler's personal papers out of Berlin at the end of World War II.

The argument about the history of the documents, which would be conclusive is now rather rather and we have to rely on the text," he said.

Mr. Trevor-Roper's 1947 book, "The Last Days of Hitler," is considered a classic work on the last days of Hitler's Third Reich.

Mr. Trevor-Roper is a director of Times Newspapers, which owns Times of London and The Sunday Times, which published the extracts from the diaries. In Saturday edition of The Times wrote an article explaining why he doubted the diaries were authentic.

German officials, who bought the diaries rights with The Sunday Times, began publishing extracts in the diaries on Monday.

In London, a spokesman for Times Newspapers said its parent company, Rupert Murdoch's News Corporation, was paying \$400,000 to publish the diary excerpts in Britain and the Commonwealth.

But Mr. Trevor-Roper said: "This was not published any more until the documents were authenticated."

David English, editor-in-chief of the London Daily Mail, said on Sunday, said his papers were offered the diaries by a man and were shown some extracts but rejected them.

Despite Stern's assurances, we were very suspicious about their authenticity and we therefore said, 'any offer would be conditional on Stern indemnifying us in the eventuality that the diaries were forged.' Sir David said, 'we were unable to make such a commitment and therefore we repudiated our negotiations.'

Mr. English's editor-in-chief, wrote in the first article that handwriting experts and historians found them authentic.

The 60 volumes were said to cover the period from June 22, 1932, six months before Hitler became chancellor, to the middle of April 1945, just before he killed himself in his chancellery air raid shelter in Berlin.

In one of the first extracts, Hitler purportedly commented on the first organized national attacks on Jews on Nov. 9, 1938, planned by Propaganda Minister Joseph Goebbels.

In one night about 7,000 Jewish shops were plundered, and shops, homes and synagogues were burned. Jews were beaten, killed and arrested.

An extract dated Nov. 10, 1938, reads: "We cannot have some hot heads hurting our economy by destroying [property worth] millions and millions. ... I've had reports of some unpretty infringements by men in uniform, in some place of Jews beaten to death and Jewish suicides."

"Have these people gone crazy? What will they say about it abroad? Will issue the necessary orders immediately."

The magazine called perplexing an extract on Hitler's opposition to reprisals in Poland after the outbreak of World War II in September 1939. The magazine said the diary shows that Hitler gave strict orders to Heinrich Himmler to carry out "no reprisals against the civilian population."

It asked whether this entry confirmed the view often expressed by Germans in the Nazi era that crimes against humanity were carried out by underlings without Hitler's knowledge.

But Stern said such entries could have been an attempt by Hitler, with an eye to posterity, to distance himself from the atrocities.



Hugh Trevor-Roper

Reaction to publication in The Sunday Times has ranged from calling the diaries an elaborate hoax to hailing them as the most important historical documents uncovered since the Dead Sea Scrolls.

Professor Werner Maser, a German historian who has written several books on Hitler, said: "Because of nervous shaking that Hitler suffered from January, 1943, he was hardly able to write. ... In the last two years he did not even put signatures to his commands."

Nicolaus von Below, Hitler's wartime air force adjutant, was quoted by the Hamburg weekly, Bild am Sonntag, as saying: "We often sat up until three or four at night and Hitler would then go to bed. He had no more time to write," he added.

## Soviet Union, Egypt Raise Their Oil Prices

By Bob Hagerty  
International Herald Tribune  
LONDON — Egypt and the Soviet Union are nudging their oil prices upward, in line with the worldwide trend.

Traders reported Monday that the Soviet Union plans an increase of 50 cents a barrel for its Urals crude. Egypt announced a 50-cent increase Sunday.

Both countries are outside the Organization of Petroleum Exporting Countries and export relatively small amounts of crude. Their pricing decisions, however, provide a signal of worldwide demand.

Earlier this year, both cut prices, adding to pressure on OPEC to lower its prices in the face of a glutted market. In mid-March, OPEC finally agreed to a reduction of about 15 percent. Since then, oil prices outside OPEC's direct influence have edged up nervously.

The industry newsletter said marketers seem convinced that current prices will hold through early summer but that "few are willing to bet on long-term prospects yet."

Tony Parisi, an analyst for the newsletter, said OPEC's March price cut was not deep enough to clear the market of excess supplies.

Analysts who expect further price cutting this year noted that some OPEC members — notably Nigeria, Indonesia and Venezuela — remain short of cash to repay debts. That could make it tempting for them to offer discounts or sell beyond their OPEC-set output limits.

### West Bank Illness Linked to Anxiety

The Associated Press  
WASHINGTON — A recent epidemic in which 943 residents of the Israeli-held West Bank became ill was induced by anxiety, two U.S. doctors who visited the area said Monday.

Drs. Philip Landrigan and Bess Miller, who were sent to the West Bank at the request of the Israeli Health Ministry, said the initial outbreak of the disease in the community of Arabe was triggered either by psychological factors or possibly by the smell of escaping hydrogen sulfide from an outdoor latrine. In the absence of any other plausible explanation, "we conclude that this epidemic of acute illness was induced by anxiety," the doctors said.

Its subsequent spread was the result of psychological factors, the study said, and may have been aggravated by newspaper and radio reports of the illness.

Roughly two-thirds of the victims were schoolgirls.

So far, industry sources say, OPEC members are showing a surprising degree of fidelity to the March agreement. Last year, widespread cheating undermined OPEC's efforts to prop up prices.

Also clouding OPEC's prospects is the deadlock between Iran and Japanese traders. Iran so far has refused Japanese demands for a discount.

U.S. analysts tend to be more bullish about oil prices. Mr. Maxwell, whose oil forecasts are influential on Wall Street, said there is a growing recognition by traders that the price of oil isn't going to crack — at least not in the immediate future. He said OPEC has a fairly good chance of holding prices at current levels through the end of this year.

The Soviet price increase reported Monday brings the price of its Urals crude for delivery in northwest Europe to \$28.00 a barrel. The Egyptian increase put Suez blend at \$27.50.

## Coloreds Leave S. Africa Group

CAPE TOWN — The Labor Party, the main political party of South Africa's colored (mixed-race) people, has resigned from a coalition of nonwhite groups opposed to apartheid, a spokesman said Monday.

It voted during the weekend to resign from the Black Alliance three months after having been suspended from the coalition. The suspension followed the party's decision to take part in proposed government reforms aimed at providing limited power-sharing for the country's coloreds and Indians while excluding blacks, who make up more than 70 percent of the population.

The Rev. Alan Hendrickse, the Labor Party's leader, said the party had decided that while it still believed in unity among nonwhites, it disagreed over strategy with the other members of the coalition.

- ### INSIDE
- The fickle budget control process in Congress, which President Reagan has so successfully exploited over the last two years, has turned around and bitten him. Page 4.
  - The UN Security Council has been holding debates without voting on resolutions, and to many delegates this is a troubling development. Page 4.
  - The body of a man recovered early this month from the icy waters of a New York state lake has been identified as that of a former GM executive who had extensive business contacts in Europe and South America. Page 3.
  - Will Paul Volcker remain as Fed chairman? Don't ask President Reagan. At least not for a while. Page 3.
  - The campaign in Canada for leadership of the Progressive Conservative Party has become increasingly confused. Page 2.
- ### BUSINESS/FINANCE
- The stock market rally in New York stalled despite a cut in the prime rate by one bank. Page 13.
  - Philips executives questioned whether the alliance between Thomson-Brandt of France and Japan's Victor Co. would be competitive. Page 13.
- ### A SPECIAL REPORT
- Italy: banking and finance. Page 9S.



# WORLD BRIEFS

## Skeptics Look for Manipulation of History in Hitler Diaries

By John Vinocur  
New York Times Service

HAMBURG — If the so-called diaries of Hitler turn out to be forgeries, the assumption of a number of experts is that they were concocted in Eastern Europe for use as a tool in trying to undermine West Germany's relationship with its allies.

The first glimpse of the contents of the diaries, published by Stern magazine here and by The Sunday Times of London, present no clear political orientation. But as skepticism about them grows, the fragmentary extracts made public so far have furnished a basis for the analysis that they will be looking for a possible manipulation of history as the volumes are disclosed.

They say a central thesis that might be developed in such a manipulation by the East German and Soviet secret services would be that the West turned down opportunities to end World War II, prolonged the suffering it created and holds the historical responsibility for the eventual division of Germany.

"If I were faking such a diary for the East," a West German official said, "I'd want Hitler to be a bore, a monster and a fool. But I'd like England and America to have given him the chance to make things worse."

The official, who asked that his name not be used, was one of many West Germans who scorned the idea that the documents were real. Among them were Helmut Schmidt, the former chancellor, who told a small group here last night, "I just can't believe it's true."

Because the diaries are said to contain 60 volumes — a formidable task for a forger working on his own — all German commentary doubting or rejecting their authenticity has centered on conjecture that they were produced by what Werner Maser, a West German historian, has called an East German "counterfeiting workshop." Said to be located in Potsdam, the workshop is described by the historian as specializing in the manufacture of phony Hitler letters, drawings and notes that provide a continuing source of foreign currency for East Germany.

But it is the potential political aspects of the diaries, if they are proven bogus, that seem much more important to other experts than any possible income, even if it is in the millions of dollars. "The East has got better ways of earning hard currency," said Gerhard Weinberg of the University of North Carolina, a historian involved in the process of attempting to authenticate the diaries.

Mr. Weinberg, who talked to reporters here Monday after suggesting earlier he felt the documents might be authentic, and Karl-Dietrich Bracher of Bonn University, a respected historian who deals with the period, have stressed that the diaries could have a strong effect on young Germans who are re-evaluating their relationship to their country's past. Some German historians, of both left and right, have placed increasing blame on the West for actions throughout the war and at its conclusion that led to Germany's division.

Mr. Bracher, who rejects the notion that the diaries could be real, said last week that he feared an attempt to manipulate German history at a politically sensitive moment. The reference suggested, the professor felt, that at a time of intense debate about new NATO missiles there was a growing audience here for history unfavorable to the United States and Britain.

The nuclear debate has spawned arguments by some of the missile's opponents that West Germany is a vassal of the United States and that deployment of the missiles, scheduled for the end of the year, binds West Germany against its will to a position of confrontation with the Soviet Union.

The two fragments from the diaries that have been found particularly intriguing in discussion of a possible manipulation were a rather favorable reference to Neville Chamberlain, the British prime minister who agreed to hand over parts of Czechoslovakia to Hitler, and another to Rudolf Hess, the Hitler deputy who flew to Britain in 1941.

Of Chamberlain, Hitler purportedly wrote, "He nearly outsmarted me, this smoothly Englishman." A diplomat, discussing the passage, said it might be an attempt to place a man historically regarded as an appeaser in a better light. The diplomat said the test in a further examination of the diaries would be to see if Chamberlain were portrayed as a patriot, a man of peace who is repudiated by warmongers in his own country.

Mr. Weinberg said he was particularly interested in

the passage concerning Hess. The edition of Stern appearing Monday reported that the Hess flight to England would be a part of the first extended excerpts from the diary, which is scheduled to be printed here next week. The magazine said Hitler knew of Hess's plan in 1939.

The Hess case remains mysterious, but a manipulated version, without providing a full explanation, might suggest that the British were not interested in any negotiated end to the war. Hess has maintained he was on a peace mission to Britain.

Another brief look at the tone of the diaries is contained in a reference to Stalin. "How on earth does Stalin manage it?" Hitler supposedly wrote, referring to Soviet resistance seven months after the initial Nazi invasion of Russia. Analysis looking for a political message would not expect to find constant admiration for Stalin developed in the diaries, but rather a current of great respect for the Soviet Union, its military power and a growing sense of its invincibility.

The diplomat believed that the diaries, even if they are not authenticated, require no major revelations to affect discussion about German history, within West Germany, in a manner that could favor the Soviet bloc. For success, it would be sufficient, he said, to bring to the surface vague notions of Germany's victimization by Britain and the United States.

"If you influence confused talk in a bar, over the years, well, that's served your purpose," he said.

## Sinowatz Is Selected To Succeed Kreisky

By James M. Markham  
New York Times Service

VIENNA — The Austrian Socialist Party Monday designated the country's education minister to succeed Chancellor Bruno Kreisky after the veteran politician announced Sunday night that he was resigning.

A brief meeting of the party leadership ratified Mr. Kreisky's hand-picked successor, Education Minister Fred Sinowatz, 54, as chancellor-designate, with a mandate to form a coalition government.

On Sunday night, after the Socialists lost the parliamentary majority they had held since 1971, Mr. Kreisky stunned the country by declaring that because of what he called a defeat he was resigning.

Mr. Kreisky, 72, who was expected to submit his resignation formally to President Rudolf Kirchschlager Tuesday, will remain as party chairman until a special Socialist congress in the autumn. This interval will evidently give Mr. Sinowatz, who held the title of deputy chancellor in the outgoing government, time to consolidate his position.

Despite their loss of five seats Sunday, the Socialists remain the largest single party in the 183-member Nationalrat, or parliament, with 90 seats. They are expected to try to forge a coalition with the small rightist Freedom Party, which won 12 seats.

Mr. Kreisky, who is a member of a four-man Socialist coalition negotiating team, appears eager to exclude the opposition People's Party, which won 81 seats, from a share of power. But most politicians predicted prolonged and fluctuating horse-trading before a coalition is put together.

It was just this prospect of tedious coalition bargaining that appeared to have persuaded Mr. Kreisky, who suffers from a kidney condition, to step aside, ending 13 years as head of government.

Before Sunday's vote, Mr. Kreisky had repeatedly warned that he would take such a step if his party fell short of a majority, but few politicians believed he would abandon power so trenchantly and so swiftly.

"An era is at an end," pronounced the conservative daily Die Presse, showing the chancellor in a cartoon slumped over an election urn, a bunch of feathers in his hand. A plucked bird labeled "absolute majority" flutters out of reach.

Politicians and journalists cited a number of reasons for the Socialist setback, including an economy stuck in recession, new and unpopular taxes which the Kreisky government had promised to impose and controversy over a modern and costly Vienna conference center that was criticized as extravagant.

The exact impact of Mr. Kreisky's failing health and his pre-election threats to resign were difficult to gauge. But, having made himself a central issue in the campaign, the chancellor evidently felt that he had no choice but to step down.

If Mr. Sinowatz succeeds in putting together a coalition with the Freedom Party, he is expected to make few major changes, though some deficit-cutting measures are viewed as inevitable.

A portly and respected figure, Mr. Sinowatz is something of a populist and a standardbearer of the



Fred Sinowatz

Socialists' left wing, which is exceedingly moderate by West European standards. With little experience in foreign affairs, he is likely to concentrate on domestic matters.

Some politically astute Austrians are predicting that, without Mr. Kreisky, the country will become "a second Switzerland," with an extremely low profile in international questions. The next chancellor is unlikely to make the kind of bold Middle Eastern initiatives that characterized Mr. Kreisky's reign.

Rather than worrying about the fate of the Palestinians, the next Austrian government, according to many in Vienna, is likely to concentrate on reviving the economy and, in foreign matters, on strengthening its European ties.

## Storms Hit Bangladesh

United Press International

DHAKA, Pakistan — Fierce storms that spawned at least one tornado swept parts of Bangladesh for a second day Monday, killing 30 persons, injuring hundreds and causing widespread damage, officials said.

## Canada's Opposition Conservatives Are Divided on Choice of Leader

By Stanley Meisler  
Los Angeles Times Service

TORONTO — With a decision due in early June, the campaign for leadership of Canada's Progressive Conservative Party has become confused by a growing feeling that the front-runners will lose in the end and that the main contender is not yet in the race.

The candidates are surging across the country trying to influence the selection of 3,000 delegates to the party's national convention in Ottawa that begins June 8. The tactics have been rough enough for the front-runners, the former prime minister, Joe Clark, and a Quebec businessman, Brian Mulroney, to accuse each other of stacking delegate selection meetings with youngsters and winos.

According to the latest Gallup survey, the Progressive Conservatives, now in opposition, would win 50 percent of the popular vote in a general election and take a majority of the seats in the House of Commons.

The problem with these polls is that they reflect mainly the unpopularity of Prime Minister Pierre Elliott Trudeau. But he is expected to resign before the next election, which must be held by 1985, and allow his Liberal Party to choose a new leader. Many Progressive Conservatives therefore insist that their party must shake off its complacency and choose an established voice, better as its leader.

One Progressive Conservative politician of demonstrated popularity is Premier William Davis of Ontario, a province that has a third of Canada's population and is the decisive battleground in federal elections. Mr. Davis, however, has taken to the sidelines in this campaign, still making up his mind whether to enter the race.

According to most estimates, Mr. Clark and Mr. Mulroney have the largest number of delegates, but each has a serious drawback.

The convention was called, after all, because the leadership of Mr. Clark was rejected by a third of the delegates on a secret ballot at the party's last national meeting in January. If the party were to nominate him again, it would be in the strange position of choosing a leader that it had seemed to reject only a few months ago.

Mr. Mulroney, on the other hand, is a businessman with no previous political experience beyond a losing attempt to win the party leadership seven years ago. Some party members are uncomfortable with a political outsider who has never been tested either in a regular electoral campaign or in a legislature.

Many political analysts believe that both Mr. Clark, 43, and Mr. Mulroney, 44, will fail to win a majority of votes on the first ballot and will not improve much after that. In that case, the candidate in third or fourth place may have the best chance of winning the leadership.

That is what happened in 1976, when Mr. Clark was selected. An unheralded member of Parliament from Alberta, he placed third on the first ballot but went on to a slim majority victory on the fourth.

He was so little known in Canada that the Toronto Star headlined the news of his victory with the question, "Joe Who?"

At the moment, John Crosbie, 52, a wealthy Newfoundland and a former minister of finance, seems to have settled into third place. Other leading contenders include David Crombie, a former cabinet member and mayor of Toronto; Michael Wilson, also a former minister; and Peter Poole, an Alberta businessman who owns the Edmonton Oilers of the National Hockey League. In all, 13 Progressive Conservatives have announced their candidacies.

The prospect of either Ontario's Mr. Davis or Mr. Crosbie raises the issue of the French language. Unlike Mr. Clark and Mr. Mulroney, neither of the other two speaks French.

But sentiment for separation seems to have waned in Quebec. As a result, Progressive Conservatives, who usually get very few votes in Quebec anyway, can now conceive of naming a leader who does not speak French.

That is what happened in 1976, when Mr. Clark was selected. An unheralded member of Parliament from Alberta, he placed third on the first ballot but went on to a slim majority victory on the fourth.

He was so little known in Canada that the Toronto Star headlined the news of his victory with the question, "Joe Who?"

At the moment, John Crosbie, 52, a wealthy Newfoundland and a former minister of finance, seems to have settled into third place. Other leading contenders include David Crombie, a former cabinet member and mayor of Toronto; Michael Wilson, also a former minister; and Peter Poole, an Alberta businessman who owns the Edmonton Oilers of the National Hockey League. In all, 13 Progressive Conservatives have announced their candidacies.

The prospect of either Ontario's Mr. Davis or Mr. Crosbie raises the issue of the French language. Unlike Mr. Clark and Mr. Mulroney, neither of the other two speaks French.

But sentiment for separation seems to have waned in Quebec. As a result, Progressive Conservatives, who usually get very few votes in Quebec anyway, can now conceive of naming a leader who does not speak French.

That is what happened in 1976, when Mr. Clark was selected. An unheralded member of Parliament from Alberta, he placed third on the first ballot but went on to a slim majority victory on the fourth.

He was so little known in Canada that the Toronto Star headlined the news of his victory with the question, "Joe Who?"

At the moment, John Crosbie, 52, a wealthy Newfoundland and a former minister of finance, seems to have settled into third place. Other leading contenders include David Crombie, a former cabinet member and mayor of Toronto; Michael Wilson, also a former minister; and Peter Poole, an Alberta businessman who owns the Edmonton Oilers of the National Hockey League. In all, 13 Progressive Conservatives have announced their candidacies.

The prospect of either Ontario's Mr. Davis or Mr. Crosbie raises the issue of the French language. Unlike Mr. Clark and Mr. Mulroney, neither of the other two speaks French.

But sentiment for separation seems to have waned in Quebec. As a result, Progressive Conservatives, who usually get very few votes in Quebec anyway, can now conceive of naming a leader who does not speak French.

That is what happened in 1976, when Mr. Clark was selected. An unheralded member of Parliament from Alberta, he placed third on the first ballot but went on to a slim majority victory on the fourth.

He was so little known in Canada that the Toronto Star headlined the news of his victory with the question, "Joe Who?"

At the moment, John Crosbie, 52, a wealthy Newfoundland and a former minister of finance, seems to have settled into third place. Other leading contenders include David Crombie, a former cabinet member and mayor of Toronto; Michael Wilson, also a former minister; and Peter Poole, an Alberta businessman who owns the Edmonton Oilers of the National Hockey League. In all, 13 Progressive Conservatives have announced their candidacies.

The prospect of either Ontario's Mr. Davis or Mr. Crosbie raises the issue of the French language. Unlike Mr. Clark and Mr. Mulroney, neither of the other two speaks French.

But sentiment for separation seems to have waned in Quebec. As a result, Progressive Conservatives, who usually get very few votes in Quebec anyway, can now conceive of naming a leader who does not speak French.

That is what happened in 1976, when Mr. Clark was selected. An unheralded member of Parliament from Alberta, he placed third on the first ballot but went on to a slim majority victory on the fourth.

He was so little known in Canada that the Toronto Star headlined the news of his victory with the question, "Joe Who?"

At the moment, John Crosbie, 52, a wealthy Newfoundland and a former minister of finance, seems to have settled into third place. Other leading contenders include David Crombie, a former cabinet member and mayor of Toronto; Michael Wilson, also a former minister; and Peter Poole, an Alberta businessman who owns the Edmonton Oilers of the National Hockey League. In all, 13 Progressive Conservatives have announced their candidacies.

The prospect of either Ontario's Mr. Davis or Mr. Crosbie raises the issue of the French language. Unlike Mr. Clark and Mr. Mulroney, neither of the other two speaks French.

But sentiment for separation seems to have waned in Quebec. As a result, Progressive Conservatives, who usually get very few votes in Quebec anyway, can now conceive of naming a leader who does not speak French.

That is what happened in 1976, when Mr. Clark was selected. An unheralded member of Parliament from Alberta, he placed third on the first ballot but went on to a slim majority victory on the fourth.

## Sihanouk Seeks French Support

PARIS (Reuters) — Prince Sihanouk, the former ruler of Cambodia, said Monday that he hoped recent border clashes between China and Vietnam would develop into a limited war that would stem Vietnamese aggression in Southeast Asia.

The prince, who heads a guerrilla coalition fighting Vietnamese troops in Cambodia, said: "We do not want a major conflict. But the only thing that will persuade Hanoi to negotiate would be another military defeat by China."

Prince Sihanouk will hold talks with President Francois Mitterrand on Wednesday. He said he would press France to be more active in helping to secure a Vietnamese withdrawal from Cambodia. He added that he will tell Mr. Mitterrand that both China and the guerrilla coalition want France to be "less indulgent" toward Vietnam. There are about 300,000 Vietnamese troops in Cambodia in support of the regime of Heng Samrin, which toppled the former Khmer Rouge government in Phnom Penh in 1979 with Hanoi's help.

## Mitterrand Asks Respect for State

DUNKERQUE, France (Reuters) — President Francois Mitterrand of France called on protesters Monday to respect the authority of the state, which he said he intended to uphold.

He made the call as opposition commentators predicted unrest over government policies in coming months. Commenting on a doctors' strike and protest actions by students and farmers, Mr. Mitterrand said that no conflict was insoluble as long as it did not constitute "rebellion against the state." "National solidarity cannot survive without the authority of the state, which I intend to be respected," he said.

A month-old strike by staff in teaching hospitals is turning into a major test for the government. Thousands of registrars and house surgeons, who are protesting health service reforms, won the backing of the heads of the university hospitals over the weekend and public hospital staff appeared set to join them this week. All but urgent operations are being postponed and thousands of beds are empty in the teaching hospitals.

## Psychiatrists Back Probe of Soviet

GENEVA (AP) — A group of Western psychiatrists has backed plans by French doctors to visit the Soviet Union to investigate reports that political dissidents are held as mental cases.

But Catherine Kuhn, president of the Swiss section of the Paris-based International Association on the Political Abuse of Psychiatry, said she did not expect the Russians to agree to a visit by the French group.

The association's two-day meeting at Geneva was convened in preparation for the July 11-16 congress of the World Psychiatric Association in Vienna. A communiqué said the international association knew of about 500 documented cases of political use of psychiatry in the Soviet Union since 1962. It said the total number of cases ran into the thousands.

## Gulf States to Meet Again on Slick

KUWAIT (Reuters) — The eight states of the Regional Organization for the Protection of the Marine Environment — Iran, Iraq, Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman — are expected to attend talks here Tuesday on ending the pollution caused by the giant oil slick in the Gulf, the conference chairman, Ali Shams Ardekani, said Monday.

Two previous sessions foundered amid political wrangling between Iran and Iraq, which have been at war for 31 months. Mr. Shams, the Iranian ambassador to Kuwait, said he hoped that the ministers could agree at least on action to clear oil from the waterway outside the war zone.

Gulf diplomats said the outlook for a political accord on the slick was not good and that a coordinated response to dealing with the slick outside the war zone might be the most that could emerge.

## Iceland Faces Political Deadlock

REYKJAVIK (Reuters) — Iceland faced political deadlock Monday with no party emerging with a clear majority from elections Saturday. The incumbent prime minister, Gunnar Thoroddsen, said it was possible that new elections might have to be held this summer.

But Mr. Thoroddsen, 71, who is expected to retire from politics soon, said that he opposed fresh elections because of the country's economic plight. Mr. Thoroddsen, who broke with his own Independence Party and headed the outgoing government coalition of mainly centrist and Communists, met with President Vigdís Finnbogadóttir Monday morning. He said later that he had gone not to resign but to give her a review of the political situation.

The deadlock was caused in part by the appearance of two new parties, the Social Democratic Alliance and the feminist Women's List, which together hold seven out of 60 seats in the Althing, or parliament, making formation of a coalition difficult.

## Sorsa to Form Finnish Coalition

HELSINKI (Reuters) — President Mauno Koivisto of Finland Monday asked the Social Democratic prime minister, Kalevi Sorsa, to form a new government following general elections last month.

Political leaders have said the new government will almost certainly omit the People's Democratic League (Communists and Socialists), which has been a part of Finnish coalitions for most of the past 17 years. The league was a big loser in the elections.

Mr. Sorsa, who heads a caretaker government, has been negotiating with the centrist parties, the Swedish People's Party, the Rural Party as well as his own party. He said Monday that those groupings, with 123 of the 200 seats in parliament, would form a government.

## Papandreou Bars Meeting

NEW DELHI (AP) — A senior police official and an 11-year-old boy were shot to death Monday outside the Golden Temple in Amritsar, the holiest of Sikh shrines, where the officer had gone to pray, the authorities said.

The assassin, described as a Sikh male in his mid-20s, fired from close range and fled through a crowded bazaar, the police said. The slain official was a deputy inspector general of police from nearby Jullundur. No one claimed responsibility for the shooting. Harmand Singh Longowal, head of the militant Sikh political party, Akali Dal, condemned it.

Police reinforcements moved into the temple area, increasing tension in the principal Sikh city 250 miles (400 kilometers) northeast of here, the United News of India said. Army units in Amritsar were placed on standby alert. Sikh fundamentalists have been protesting Prime Minister Indira Gandhi's refusal to accept their demands for autonomy.

## Andropov Reassures Pupil in U.S.

MOSCOW (NYT) — The Kremlin made public Monday the text of a letter from Yuri V. Andropov to a fifth-grade pupil in Manchester, Maine, in which the Soviet leader renewed pledges that the Soviet Union would like to have a relationship of peace with the United States.

The Soviet leader said that the schoolgirl, Samantha Smith, had asked whether the Soviet Union was ready to do something to prevent nuclear war. He replied: "Yes, Samantha, we in the Soviet Union are endeavoring and doing everything so that there will be no war between our two countries, so that there will be no war at all on Earth."

Mr. Andropov's letter appeared to be part of a broader effort to persuade Americans that the Soviet Union was a bastion of peace and good will toward the United States.

## For the Record

RANGOON, Burma (UPI) — Burmese government troops and police destroyed 8,000 acres (3,237 hectares) of opium poppy plantations in the Shan state in the Golden Triangle drug-producing region, narcotics officials said Monday.

MOSCOW (Reuters) — A British Foreign Office junior minister, Malcolm Rifkind, held talks here Monday aimed at improving British-Soviet relations strained by recent expulsions and spying allegations.

**"I've put you on Sabena"**

**They're unmatched to Africa**

Sabena flies to no less than 22 key destinations in Africa, including their latest services to Dar es Salaam and Kilimanjaro (Arusha). Moreover, in 32 cities throughout the continent, Sabena's offices are ready to assist you in every possible way. Sabena has been flying to Africa for over half a century so it's hardly surprising that their reputation for reliability and service should be unmatched too. Ask any Africa hand.

Sabena. More than 70 destinations round the world. Your travel agent or nearest Sabena office has all the details.

**SABENA**  
belgian world airlines

**IN DUBAI THE MOST DEMANDING TRAVELLERS STAY INTER-CONTINENTAL**

Our magnificent Dubai Inter-Continental Hotel in the heart of the city is located between the corniche and the main boulevard. A swimming pool, tennis courts and fully equipped health club make this the perfect businessman's hotel.

Hotel Dubai Inter-Continental, Bin Yass Street, P.O. Box 476, Dubai, U.A.E.  
Telephone: 227171 Telex: 45779 IHCHOT EM

There are also Inter-Continental Hotels in Abu Dhabi, Al Ain, Amman, Bahrain, Kabul, Karachi, Lahore, Madras, Muscat, Peshawar, Rawalpindi, Riyadh, Taif, and 90 other great hotels around the world.







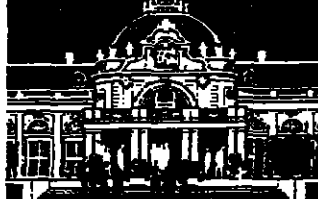
## Tonight could be the night

A touch of elegance and style. Cosmopolitan dining flair. And a hint with Lady Luck. What more exciting way to unwind and relax. To make your evening out an evening to remember, discover these 3 glittering, gift-edged addresses.



## Spielcasino Aachen

(Aix-la-Chapelle)  
Intriguing international atmosphere. Avantgarde interiors with more than 100 works by leading contemporary artists. First class Gala Restaurant (Michelin star). Dancing in Club Zero.



## Spielcasino Oeynhausen

Germany's latest. Tasteful gaming salons in the midst of the lovely Kurpark. Sophisticated ambience created by innovative architecture, lighting, color and art. Gourmet dining. Slot machines. Roulette. Black Jack daily from 3 p.m.



## Spielcasino Bremen

Warm, inviting club atmosphere on celebrated Böttcherstrasse. Choice dishes in the Fleet Restaurant, drinks in the Nautilus Bar.

Roulette - Black Jack (Baccara in Aix-la-Chapelle) daily from 3 p.m.  
Messieurs, Mesdames - Faites vos jeux.

# Reagan's Budget Success Turns Sour

By Helen Dewar  
Washington Post Service

WASHINGTON — The fickle budget control process in Congress, which President Ronald Reagan has so successfully exploited over the last two years, has turned around and bitten him.

Suddenly, instead of easing the way for Mr. Reagan's program, the process by which Congress each year reshapes the president's budget into a framework for its own future decisions on taxes and spending is threatening to dismember the program.

The setbacks for Mr. Reagan on the budget arise less from twists in the process than from a major shift in economic and political winds, whipped up by the prolonged recession and the perceived failure of Mr. Reagan's economic initiatives.

to tame it in time to avoid serious national suffering. It also has to do with the clumsiness of the White House response to these changes, which were reflected in mounting Republican and Democratic boldness in challenge.

### NEWS ANALYSIS

lending key elements of Mr. Reagan's program: deep tax cuts, a costly military buildup and heavy domestic spending cuts.

To the extent that the economy is rebounding and the White House appears finally to have been bludgeoned into moderating its no-compromise stance, Mr. Reagan may still be able to get a budget for fiscal 1984 that he can live with, albeit uncomfortably.

But he is facing in the Democratic-controlled House a budget that

cuts his military buildup by more than half, restores billions of dollars cut from social welfare programs and jeopardizes the remainder of his tax-cut program.

And awaiting action in the Republican Senate is a budget that, because the Budget Committee could not produce a majority for anything else, gives Mr. Reagan little more for military spending than did the House, rejects most of his latest proposed cuts for social programs and echoes the House on taxes.

Senate Budget Committee Chairman Pete V. Domenici, a New Mexico Republican, joined by other Republican leaders, has said he will work with the White House on amendments to safeguard Mr. Reagan's tax program and boost military spending.

But members brave enough to

predict a final budget outcome are nonetheless anticipating a slow-down in the military buildup, a somewhat looser rein on domestic spending and at least some new taxes — perhaps the \$10 billion to \$15 billion contemplated by House Ways and Means Chairman Dan Rostenkowski, an Illinois Democrat — to help contain the deficit.

Although this would not unravel Mr. Reagan's program, it certainly would fray the edges.

The budget process, adopted nearly a decade ago as part of a compromise to make President Richard M. Nixon spend what Congress had appropriated, has become a time-consuming, mind-numbing, numbers-crunching morass to many members who complain that it distracts lawmakers from more important business.

But nothing beautifies the beast like an assault from the executive branch, as Mr. Weinberger discovered when he suggested that Mr. Reagan would be better off if he tried to skirt the budget process and deal in the old way with the two houses' appropriations committees.

Even Democrats who had a nasty word or two for the process when it was being used to gut their favorite programs rallied to its defense.

Moreover, House Speaker Thomas P. O'Neill Jr., a Massachusetts Democrat, indicated the price the administration might have to pay for no budget when he declared before the Senate committee vote Thursday that, if Congress did not wrap up a budget quickly, the House would start cranking out appropriations bills based on the House-approved budget.

This would mean \$30 billion more than Mr. Reagan wants for domestic spending and an after-inflation military spending growth of 4 percent — the administration says it is really only 2.3 percent — instead of the 10 percent sought by Mr. Reagan.

Moreover, there is no guarantee that the appropriations process will be more generous to the Pentagon than the budget.

In fact, figures compiled by Representative Les Aspin, a Wisconsin Democrat on the Budget and Armed Services committees, show that Mr. Reagan's first budget allotted the Pentagon \$208.7 billion for fiscal 1982, or about \$9 billion more than was finally appropriated.

The fiscal 1983 budget allotted \$238.5 billion, about \$7 billion more than was appropriated.



SWISS SUFFRAGE — Men casting votes at a People's General Assembly in the Swiss half-canton of Appenzell-Ausserrhododen, one of two half-cantons where only men are allowed to vote at such gatherings. Their swords are symbolic of this right.

## France Criticizes Conditions Set By U.S., South Africa on Namibia

Compiled by Our Staff From Dispatches

PARIS — France strongly criticized the United States and South Africa Monday for demanding that independence for South-West Africa, or Namibia, be linked to the withdrawal of Cuban troops from neighboring Angola.

The minister of external relations, Claude Cheysson, speaking at the opening of a UN conference on Namibia, said France could not accept the demands and pretexts

being placed in the way of independence for the South African-ruled territory.

"This statement, which will most likely be criticized, does not mean my country is unaware of the problems which will come up immediately after independence," he said.

"But it means that accession to independence and the application of the Security Council's resolution cannot be held up by other considerations."

It is not appropriate that the Namibian people should serve as hostages to enable neighboring countries to deal with other matters, however important they may be, Mr. Cheysson added.

France, which like the United States is a member of the five-nation Western contact group on Namibia, has never concealed its opposition to linking the issues.

Last month, during a visit to Paris, President Kenneth Kaunda of Zambia urged France to put pressure on the United States to drop the idea.

Mr. Cheysson said the contact group's three-phase plan for independence had been accepted by South Africa, the front-line African states and the South-West Africa People's Organization, or SWAPO, the movement that has fought a guerrilla war for 17 years for control of Namibia.

He said France did not underestimate the preoccupation of various countries in southern Africa with their security.

"But we are surprised that some treat it as concerning only the security of the strongest, richest, best-armed state in the region,

while it seems to us rather that the threat is particularly big for the weakest, most impoverished and least-armed states."

"We are shocked that they are attempting to make the agreement to withdraw these foreign forces the precondition for the independence of Namibia," he added.

Acknowledging increasing African impatience with the slow progress made by the contact group, he said: "Frustration is gathering, despair is mounting. Tomorrow the violence could spread. The moment for peace has come."

African sources said that Mr. Cheysson's address failed to dispel their anxiety about the role of the contact group in the negotiations.

Cheo-ben Gurirab, permanent SWAPO observer at the United Nations, said Mr. Cheysson had repeated what was already well known as the French position. "We welcome this participation in the conference and this restoration of the French position, but we are left hanging in the air in the absence of a clear indication of what the French propose to do given the current impasse."

The president of SWAPO, Sam Nujoma, sharply criticized the Reagan administration, charging that its support for South Africa was delaying independence for Namibia.

He also told the Paris conference that the time had come for the United Nations to resume full responsibility for independence for his country because the group of Western countries working toward this goal had ceased to be honest brokers.

## Security Council Faulted for Drift Toward Debate Instead of Action

By Bernard D. Nossiter  
New York Times Service

UNITED NATIONS, New York — The Security Council has recently been holding debates without voting on resolutions, and to many delegates here this is a troubling development.

One said that the council was becoming a miniature General Assembly — longer on talk than on action.

The delegates point to a series of debates, beginning in mid-February and ending early this month, that they say indicate that the council has strayed from its function of trying to settle disputes and keep the peace.

The issues ranged from Israeli settlements in the occupied West Bank to Nicaragua's charge of an imminent invasion by U.S.-backed forces in Honduras.

"The council is in a very difficult period," said Porfirio Muñoz Ledo of Mexico, whose government is one of four trying to set up peace negotiations for the conflicts in Central America.

Charging that the council "can't fulfill its essential duties," he picked the Israeli invasion of Lebanon as "the turning point."

Even unanimous council resolutions failed to halt Israel's advance, he said, adding "in the last year, the situation has become more acute."

Jeanne J. Kirkpatrick, the U.S. representative to the United Nations, said the council had been transformed "from a body which focused on problem-solving, whose negotiations involved the principle parties to a problem, to a body before which certain melodramas are played out."

"It's not paralysis," she said. "There's a lot of activity. It's a sound-and-light show in which a country is identified as villain and victim."

As an example, she cited the recent five-day debate over Nicaragua. The Nicaraguan government had asked for the debate, in which 55 speakers paraded before the council, but sought no resolution. Most speakers directly or implicitly condemned U.S. support for rebels fighting Managua.

Hugo Schellens, of the Netherlands, a council member, said the 15 member countries — 5 permanent and 10 serving two-year terms — "should really decide on international conflicts." He said the

council had grown into a miniature General Assembly.

Besides the Netherlands, current members serving two-year terms are Guyana, Jordan, Malta, Nicaragua, Pakistan, Poland, Togo, Zaire and Zimbabwe. The five permanent members, all of whom can veto, are the United States, Britain, France, the Soviet Union and China.

Anne M. Moussa, Egypt's deputy delegate, said "the crisis" in the council had been promoted by harsh exchanges between East and West.

His view was disputed by both the American and Soviet missions. The council's dilemma, Mrs. Kirkpatrick said, "didn't arise as a function of the deterioration of Soviet-U.S. relations." She said it flowed from "the targeting of South Africa and Israel," the use of the council as a stage to create the "villain-victim" and particularly the attempt at the "progressive delegitimization of Israel."

Richard S. Ovinikov, the deputy Soviet delegate, offered a simpler explanation. If the council can't act, he said, "it's because of the threat of an American veto" on issues involving Israel and South Africa's continued hold over South-West Africa, also known as Namibia.

Mrs. Kirkpatrick observed that Moscow had vetoed demands to pull its troops from Afghanistan and Vietnamese forces from Cambodia. She said other nations, such as Argentina in its war with Britain over the Falklands and Iran in its war with Iraq, have also been spared from any pressure to obey.

"As long as the desire for implementation is selective, there are not realistic grounds for expecting anything but selective support for sanctions," she said.

In public, Mrs. Kirkpatrick and Mr. Ovinikov profess a more charitable view than most of their council colleagues. Mrs. Kirkpatrick called the talks "an important exercise" that had made members "more self-conscious about the council."

The Soviet diplomat said: "I don't see it as an exercise in futility. I tend to be a little bit more optimistic."

## Tension Between Israelis, Syrians Appears to Increase in Lebanon

By Drew Middleton  
New York Times Service

NEW YORK — Secretary of State George P. Shultz's visit to the Middle East occurs amid indications that the military situation between Syrian and Israeli forces in Lebanon is growing more tense.

United States and NATO intelligence sources report that there have been significant Syrian troop movements recently and Israeli military sources said their country's forces in Lebanon and elsewhere have been put on a higher than normal state of alert.

According to officials in Washington, Western Europe, and Israel, apprehension over the possibility of significant new military clashes between Israel and Syria has been heightened by the presence of 5,000 Soviet military specialists in Syria.

In addition to manning the batteries of Soviet SA-5 anti-aircraft missiles, the Russians are reported

to be organizing an integrated air defense system for the entire country that is modeled on the one used to protect the Soviet Union.

The Soviet Union has also replaced the Syrian arms, mainly weapons and tanks that were lost in last summer's fighting.

Some intelligence sources said that any conflict involving strikes into Syria by land or air inevitably would involve Soviet personnel and raise the possibility of a wider war. Some of the sources argued that the Soviet Union might have deployed its personnel in Syria to deter any new Israeli attack.

The Syrians maintain that Israel has reinforced its units in the Bekaa region of Lebanon and has been carrying out exercises on the Golan Heights, where Israeli forces would be within striking distance of Damascus, the Syrian capital.

Neither the Syrians nor the Israelis in Lebanon have shown any signs that they are ready to withdraw. The Lebanese have always feared a partition of their country, a Western analyst noted, and now he said, they face "partition by occupation."

All intelligence reports indicate that the Israeli Army has strengthened its position in Lebanon to the point where the Israeli sector could be used as a staging area for offensive operations.

Major bases have been built at Kfar Mechki, Deir el Almar and Khirbat Rouba. The last is a base for tank transporters. All these, intelligence sources said, are visible from Syrian positions and to Soviet satellites.

The road toward the Syrian positions north of Khirbat Rouba has been widened to accommodate Israeli tanks. According to a NATO report, the bulk of the Israeli Army in Lebanon, estimated at 30,000 troops, is concentrated near this road.

A logistics base, including helicopter pads and radar and communications systems, has been constructed outside Marjayoun, the town where Major Saad Haddad's Israeli-trained and equipped Lebanese forces have their headquarters.

In Arrouf and the lower Bekaa, intelligence sources reported, the Israelis have constructed a series of elaborate strongpoints, some of them protected by walls 20 feet (about 6 meters) high. These are armed with anti-tank and anti-aircraft missiles.

Another base has been built south of Sidon next to the Zahran oil terminal. This includes a park for tanks and other armored fighting vehicles and a large barracks. Here and elsewhere the Israelis have installed radar that sweeps the Syrian positions to the north.

The Israelis also are nearing completion of a half-mile-long airstrip near Damour, near the southern outskirts of Beirut. The strip is laid on the roadbed of the old Beirut-Palestine railroad.

## TWICE AS FUNNY FOR THE MONEY



If you purchased this Trib at a newsstand, you're already enjoying a rare bargain. The whole world is just a few tightly written, fast-paced pages. You're reading a product created by scores of journalists working day and night from dozens of distant datelines to bring you a compact compilation which can be purchased for the price of a cup of coffee.

But why not double the bargain? Enjoy twice as many newspapers with double the headlines, business trends, candid commentary, high fashion and comic strip in-jokes, exciting sports and puzzling crosswords.

By subscribing to the International Herald Tribune for six months or a year, you receive each copy for as little as half the newsstand price. Up to 50% off, to be precise. Twice as many Tribs for your money.

Subscribe now and we'll speed bargain-price Tribs to your home or office from our various simultaneous distribution points in Paris, London, Zurich, Hong Kong and Singapore.

Join the global who's who of thought-leader readers who turn to each morning's Trib for the latest in objectively reported world news, briskly written opinion, the day's closing business tabulations, buy-and-sell reports from the international market-place, at-the-stadium recaps of just-completed matches, what's happening in the world of culture — and all in an international perspective.

Double the value of the Trib by halving its price.

Subscribe now so you don't miss a single issue.

Just fill out the coupon below and mail. For maximum savings, subscribe for a full year. This cut-price subscription offer is for new subscribers only.

## Herald Tribune

To: Subscription Manager, International Herald Tribune  
181 Avenue des Champs-Élysées, 75008 Paris, France.  
Telephone: 747.12.65. Telex: 612832.

Yes, I would like to accept your bargain offer. Please send me the International Herald Tribune for the time period and at the reduced price circled on this coupon.

My name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
Job/Profession \_\_\_\_\_  
Nationality \_\_\_\_\_  
Company activity \_\_\_\_\_  
IMPORTANT: Payment must be enclosed with this form to validate your subscription. Please make checks payable to the International Herald Tribune. Do not send cash. Pre-paid invoices are available upon request.

Please circle below the time period and reduced subscription price selected. (Rates valid through April 30, 1983)

COUNTRY	1 year	6 months	3 months
Austria	A. Sch. 3,090	1,525	840
Belgium	B.Fr. 6,000	3,000	1,650
Denmark	D.Kr. 1,400	700	400
Finland	F.M. 990	495	270
France	F.Fr. 800	400	220
Germany	D.M. 360	180	100
Great Britain	£	62	31
Greece	Dr. 8,000	4,000	2,250
Ireland	Ir£	90	45
Italy	L.Fr. 165,000	82,500	45,500
Luxembourg	L.Fr. 6,000	3,000	1,650
Netherlands	Fl. 406	203	112
Norway	N.Kr. 1,120	560	308
Portugal	Esc. 8,660	4,330	2,400
Spain	Ptas. 14,200	7,100	3,900
Sweden	S.Kr. 990	495	270
Switzerland	S.Fr. 320	160	90
Rest of Europe, North Africa and former French Africa, U.S.A.	\$	256	128
Rest of Africa, Canada, Latin America, Gulf States and Asia	\$	352	176

## VOLVO CAR SALES FACTORY PRICES

138, avenue des Champs-Élysées. 75008 PARIS.  
Tél.: (1) 225.60.70. **VOLVO**

## Dr. Eric Steinfels Auktionen

München Grosse und bedeutende Zürich

## WEINAUKTIONEN

Zum Verkauf im Auftrag gelangen Weine aus privaten Beständen, Restaurants sowie grosse Sammlungen. Interessenten kommen um 20.00 Uhr — viele davon unmittebar — zur Versteigerung.

Klassierte Bordeaux Weine  
alle 1er grand cru Classés wie Château Lafite, Mouton-Rothschild, Château Latour, etc.  
Klassierte Burgunder Weine  
berühmte Domänen wie Romanée-Conti, Comte de Vaux, etc.

München, 5. Mai 1983, Künstlerhaus am Lenbachplatz 2, München.  
16.00 Uhr Degustation, 17.30 Uhr Auktion.

Zürich, 28. Mai 1983, Hilton-Hotel, Zürich.  
20.30 Uhr Degustation, 21.00 Uhr Auktion.

Kataloge auf Bestellung (gibt es Einleit. zur Degustation), Kataloge für Fr. 5.— DM 7.—  
Bestellungen zu den nächsten Auktionen werden bis 30. Juni 1983 angenommen.

## Dr. Eric Steinfels, Auktionen Kunst, Antiquitäten, Weine

Rämistrasse 6, CH-8024 Zürich.  
Tel.: (01) 69 45 33/252 12 33.  
Telex: 52 625 stp ch.

Bon für regelmäßige Weininfomation (gratis).

Name \_\_\_\_\_ Vorname \_\_\_\_\_

Adresse \_\_\_\_\_

PLZ Ort \_\_\_\_\_

Coupon einsenden an: Dr. Eric Steinfels, Postfach, 8024 Zürich.

## Local Ballot Reinforces Nakasone

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Yasuhiro Nakasone's party did well in local elections during the weekend, prompting speculation Monday that he may call a general election in June.

Political analysts said that Mr. Nakasone, whose personal following has slumped because of his comments on national defense, may have to yield to pressure for a general election from powerful sections of his conservative Liberal Democratic Party.

Mr. Nakasone has bluntly stated his determination for Japan to be a more stalwart U.S. ally committed to countering the growing Soviet military presence in the Pacific.

The weekend elections were for 145 city mayors, 314 town and village chiefs and 1,537 local assembly members. In the mayoral elections, right-of-center and centrist candidates captured 25 new seats, with at least 104 winners backed by Mr. Nakasone's party.

Mr. Nakasone, who took over the government in November after winning his party's presidential election, said the results had "elevated the local foundations" of his party.

Mr. Nakasone said there was "no relationship" between the election showing and a possible dissolution of the lower house of the Diet, the Japanese parliament.

But the results will give the former prime minister, Kakuei Tanaka, who controls the biggest faction in the party, added support for his demand for a lower-house election in June to coincide with the scheduled upper-house election.

## UNIVERSITY DEGREE

For Life, Academic & Work Experience  
You may qualify for  
BACHELOR'S, MASTER'S OR DOCTORATE  
Send detailed resume  
for a free evaluation.

PACIFIC WESTERN UNIVERSITY  
2520 Ventura Blvd., P.O. Box 100, Los Angeles, CA 90024 U.S.A.

## AUTHORS WANTED BY N.Y. PUBLISHER

Leading literary book publisher seeks manuscripts of all types. Fiction, non-fiction, poetry, juvenile, scholarly and religious works etc. Free evaluation. Send for free booklet. Write: Vantage Press, 516 W. 43rd St., New York, NY 10018 U.S.A.



## Soviet Space Problem Not New, Sources Say

By Robert Gillette  
Los Angeles Times Service

MOSCOW — The aborted flight of three Soviet cosmonauts last week was caused by the failure of an on-board computer guidance system that has been a persistent source of trouble in the Soviet manned space program, according to East European sources.

Problems in the same electronic system forced the quick termination of a Soviet-Bulgarian flight in 1979 and marred the highly publicized Soviet-French space mission last June, the sources said.

In the latter case, an on-board computer failure set the three-man Soyuz spacecraft spinning as the two Soviet cosmonauts and the French test pilot Jean-Loup Chrétien struggled to dock with the orbiting Salyut-7 space laboratory.

Soviet officials said nothing about the mishap at the time, but Mr. Chrétien disclosed it on a news program in Paris last July. Describing the Soyuz spacecraft as "tumbling in space like a stone rolling over," Mr. Chrétien said the crew "had to act very quickly" to regain control and guide it manually to the Salyut space lab.

In the latest such incident, the three Soviet cosmonauts failed to link up with the Salyut-7 in orbit and instead brought their Soyuz T-8 spacecraft back to Earth on Friday, 48 hours after lifting off.

It was the fifth time in approximately 50 flights of Soyuz spacecraft since 1967 that a rendezvous and docking with a Salyut laboratory failed. Most of these aborted missions are said to have resulted from a flawed guidance system.

"This system is the most unreliable part of the whole [Soviet] manned space program," a knowledgeable European source said.

Tass reported that the cosmonauts felt well upon their return, but it did not explain why a mission expected to last several weeks had ended after two days.

Lieutenant Colonel Vladimir G. Titov, 36, was commander of the mission and on his first space flight. Gennady M. Strekalov, a 43-year-old engineer, and Alexander A. Serebrov, a 39-year-old researcher, had each made one orbital flight before.

Soviet newspapers disclosed Saturday that ground controllers near Moscow had terminated the flight for safety reasons after trouble developed aboard the spacecraft. The newspapers did not say precisely what the trouble was, but indicated that it had led to a harrowing experience for the cosmonauts.

The launch of the Soyuz T-8 on Thursday, and its shift to a higher orbit in preparation for a linkup with the Salyut-7 station, went as planned on the first day in space, according to the armed forces newspaper Krasnaya Zvezda.

Trouble began on the second day as the process of rendezvous and docking began. Krasnaya Zvezda said that "deviations from the preset regimes of approach were noted" early in the flight and that ground controllers had to "change the plan of maneuver."

"Everything was carried out according to schedule, and now the spacecraft and the station were slightly more than 10 kilometers [6.2 miles] apart and the distance was narrowing," the newspaper said.

It said, however, that the final

approach required "intricate work" by ground controllers, crew and an on-board computer. It was at this point, as the spacecraft closed in on the Salyut station, that trouble developed and the linkup was abandoned, the paper said.

What actually happened, the East European sources said, was a breakdown of the on-board computer guidance system that controls the spacecraft's small thruster rockets. The crew evidently tried to use manual controls, but controllers apparently halted the rendezvous a few hundred meters short of the space station when fuel for the thruster rockets — needed later to orient the Soyuz craft for re-entry into the atmosphere — fell to the minimum allowable level.

## Spanish Rightist's Aide Quits in Scandal

New York Times Service

MADRID — The security guard for Spain's rightist opposition leader has resigned in a scandal centering on charges that he organized death squads in Argentina in the 1970s.

The guard, Rodolfo Eduardo Almirón, said in a letter last week that he was stepping aside until the courts "repair the damage" of the "scandal" raised against him.

The letter was addressed to Manuel Fraga Iribarne, leader of the Popular Alliance party. In elections last October, the party emerged as the main opposition to the Socialists.

Mr. Almirón is a former Argentine police official who arrived in Spain in 1975 and became a citizen in 1979. He joined Mr. Fraga's entourage sometime in 1981 and rose to become his security chief.

The accusations against him were raised in the news weekly Cambio 16, which supports the Socialist government. On the basis of a press libel law, Mr. Almirón obtained a court order to force the confiscation of two of the last three issues of Cambio 16 that gave front-page prominence to articles about his past.

He is suing the magazine on the ground of injury to his personal honor, and the magazine in turn is planning a countersuit to seek damages for the unsold copies.

Other newspapers have supported Cambio 16 in what they see as a dispute over freedom of the press. The bodyguard with a shadowy past has thus turned into a major issue just as the campaigns for local elections got under way. Municipal and regional elections are to be held May 8.

The government became involved when the Interior Ministry canceled Mr. Almirón's permit to carry arms. This move, he noted in his resignation letter, "impeded me from fulfilling my work effectively."

In a newspaper interview, Interior Minister José Barrionuevo said the police had information that "coincided in many points" with the articles in Cambio 16.

The articles were based on statements by a former Argentine police official, Rodolfo Fernández, and by various Argentine exiles. Mr. Fernández also provided testimony against Mr. Almirón to the United Nations Commission on Human Rights and to the Argentine Commission on Human Rights, a Madrid-based organization, the magazine said.

## Top Finnish Communist Rejects Soviet Criticism of Party Leader

Reuters

HELSINKI — A senior Finnish Communist has dismissed Soviet criticism of his party and emphasized its independence. Aarne Saarinen, a former party chairman, said that an article in last Thursday's Soviet party daily, Pravda, accusing the Finnish party's general secretary of favoring the purging of hard-liners would not help efforts to reunify the divided Finnish Communists.

Mr. Saarinen said such criticism was inspired by Finnish Stalinists, who had been conducting a campaign against General Secretary Arvo Aalto for many years. The Finnish party has been divided since the 1960s into a mainstream majority and a Stalinist minority, which has accused the mainstream of being a tool of the West.

Mr. Saarinen was quoted in the leading party daily, Kansan Uutiset, Monday as telling a Central Committee meeting over the weekend that he did not believe the Pravda article "can in any way promote unity within the Finnish Communist Party. On the contrary, it may harm the development toward unity."

He recalled that European Communist parties "hold firmly to the equality and sovereign independence of every party and to nonintervention in the affairs of any other party."

## U.S. Isolated on Environmental Issues

By Cass Peterson  
Washington Post Service

WASHINGTON — For 13 years, the Organization for Economic Cooperation and Development, a Paris-based group staffed largely by scientists and technical experts from 24 nations, worked on ways to protect citizens from the hazards of new chemicals.

Last year, with the Dow Chemical Co. visibly lobbying the U.S. delegation, the United States suddenly forced the group to back away from a mandatory set of tests on chemicals before they enter the marketplace. Eventually, the panel adopted a nonbinding recommendation that its European members regard as meaningless.

Congress is investigating Dow's role in the negotiations as part of a continuing probe into whether industry views unduly influenced policies of the Environmental Protection Agency and its enforcement of environmental laws.

But while Dow's involvement in this episode has drawn attention, the fate of the chemical testing system is part of a larger development. Since Ronald Reagan became president, the United States has blocked, damaged or destroyed numerous international environmental efforts in a sometimes clumsy campaign to remove regulatory obstacles, domestic or international, from the paths of commerce.

"A change has taken place," Dr. Rune Lomgren, a Swedish delegate to the OECD, said last week. "We have been concerned, of course. The outside world needs to share the resources the United States has. We hope this funny story was isolated."

Environmentalists, scientists and officials in the EPA and other government agencies say the OECD case is far from isolated.

They offer these examples, among others:

• In March 1981, six weeks after it took office, the Reagan administration launched a campaign against a Law of the Sea Treaty crafted under eight years of Republican and Democratic administrations.

The treaty, which establishes an international code for exploitation of the world's ocean resources, was ratified overwhelmingly in a UN vote and signed by 120 nations. The United States, concerned that the treaty would restrain deep-sea mining operations, refused to sign it and persuaded some of its allies, including Britain and West Germany, to go along.

• The administration has remained steadfastly opposed to new controls on air pollution to curb the transboundary effects of acid rain, prompting Canada to charge the United States with negotiating in bad faith under a 1980 agreement that called for a diplomatic solution to the problem.

• Last fall, the United States cast the only negative vote on a proposed UN World Charter for Nature. More than 135 nations voted for the charter, which called

on UN members to "respect nature and its essential processes."

• Less than two months later, the United States cast the only negative vote among 147 nations on a UN initiative to prohibit export of banned hazardous products without the knowledge and consent of the recipient country.

President Jimmy Carter, by executive order, had prohibited such exports without advance notice of the substance's potential effects. Mr. Reagan revoked Mr. Carter's order 17 days after he took office.

• The administration has attempted to cut U.S. funding to the UN Environment Program to \$3 million, 70 percent below its 1980 level. Congress restored most of the funds in fiscal years 1982 and 1983, but the administration is trying again in fiscal 1984.

• Budget cuts also threaten several research programs with an international emphasis. In fiscal 1984, for example, the administration has proposed to end research in Antarctica and the U.S. contribution to UNESCO's Man and the Biosphere research program.

Critics of the administration contend that the frequent reversals in long-standing U.S. positions threaten to cost the United States its leadership role in efforts to find solutions to international environmental problems.

In the case of the UN nature charter, critics of the U.S. position conceded that the document needed rewording but contend that the United States, as the only oppo-

nent, gave up an opportunity to mold a flawed document into a sound one.

"It was a crass disregard of the sense of the General Assembly," said Barbara J. Bramble, international programs director for the National Wildlife Federation. "They were just throwing away the U.S. stance of gentle persuasion, of leadership among other countries in a direction where we know we'll have to go to survive."

### DIAMONDS



#### YOUR BEST BUY

Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love. Buy for investment, for your enjoyment. Write airmail for free price list or call us:

Joachim Goldenstein  
diamonds port  
Established 1928

Pellestraat 62, B-2000 Antwerp  
Belgium - Tel.: (32-3) 234.07.51

Telex: 71777 epl b.  
at the Diamond Club Bldg.

Gold Medal  
MADE IN ANTWERP

# Pan Am 103. The last New York flight of the day from Europe.

PA103	DEPARTS	ARRIVES
ON TIME	HEATHROW 19:00	JFK 21:35

### Special 747 SP service. Special VIP treatment.

Pan Am's new 19:00 flight from London to New York is really good news. Leaving at the end of the day, it's an easy connection to catch.

What's more, you travel from Heathrow in the advanced 747 SP. It flies higher, so you fly smoother.

And at JFK, you arrive at a quiet Pan Am Worldport® so you speed through customs and immigration. But it's not just the convenience where PA103 scores.



### First & Clipper Class. Access into the New York Lounge.

Before the flight all First and Clipper® Class passengers can relax in Pan Am's New York Lounge at Heathrow. Here, in this inner sanctum, it seems a different world from the bustle of the airport. Albert Nappin, the Club Steward, will do all he can to look after you.

### Free headset for Cabin Class movie goes. Free cocktails too.

Cabin Class™ PA103 passengers are treated to the kind of service reserved for the other classes. For instance, free drinks or cocktails in flight, and we'll even provide a free headset for you to enjoy the latest movie showing on Pan Am.



### Arrive in style. Free limousine for First and Clipper passengers.

Awaiting First and Clipper Class passengers at JFK are luxurious limousines to chauffeur you to Manhattan. No charge, of course.

### And we'll pick up one night's hotel bill.

We'll also give First and Clipper Class passengers three nights for the price of two in a Manhattan Sheraton Hotel—the St. Regis, Russell, Centre Towers or City Squire.

All of these special offers are available on all PA 103 flights until the end of May.

The limousine service, however, will continue.

### Civilised return too.

We prevent you losing a day's work on the way out. On the way back, our concern is with your night's sleep.

Our 747 SP flight PA 100 leaves our JFK Worldport at 10:00 and gets into an empty Heathrow Terminal 3 at 21:40.

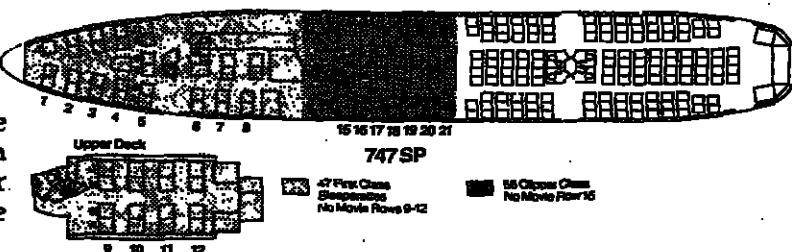
So you get shut eye instead of red eye. With all that Pan Am flights 103 and 100 have to offer, it really is an unbeatable service across the Atlantic.

Call your Travel Agent or nearest Pan Am office for full details and conditions.



Reserve your First and Clipper Class seat in advance on our 747 SP. Just give your Travel Agent or Pan Am a ring.

On board the 747 SP we've devoted more space to First and Clipper Class. More than 50% of the aircraft is now First and Clipper seating. That gives you more room to make yourself at home in, more room to relax.



## Pan Am. You Can't Beat the Experience.



## MUNICH

### Sheraton Style

Ideally located to the airport and downtown, this hotel has the largest conference facilities in the city and is the best choice for your business needs. Relax after your meetings in our pool and health center.

For reservations and information call  
**6-079-2800** in Paris  
**0611-295306** in Frankfurt  
**01-636-6411** in London  
**185063** in Munich

Or call your local Sheraton Hotel or Reservation office, or your travel agent.

## Sheraton Munich Hotel



# Herald Tribune

Published With The New York Times and The Washington Post

## Domenici's Initiative

The White House has been angrily denouncing the Senate Budget Committee for its disapproval in failing to follow the Reagan non-plan. A "gross dereliction," huffed the president's spokesman. On the contrary, the president has steered his budget into a place from which nothing is visible but \$200 billion-a-year deficits as far as the eye can see. Over the president's objections, Congress is trying to find a way out. The chairman of the Senate committee, Senator Pete Domenici, is setting a remarkable example of realistic and responsible initiative that contrasts favorably with the performance at the other end of Pennsylvania Avenue.

Mr. Domenici has repeatedly told the White House he will work with it to pass the best possible budget resolution. But he is determined to let presidential intrusions block it. The resolution is already behind schedule. First Mr. Reagan pressed the committee to hold off its votes on defense spending to enable him to round up support; the committee gave him several weeks' delay, but this did not do him any visible good. Then Mr. Reagan objected vehemently to the committee's provision for a tax increase. Because several of the committee's Republicans refused to support any new revenues at all, Mr. Domenici had no choice but to work with the Democrats. When the resolution comes to the floor, he will try to

scale back the requirement for tax increases in 1984. But he is determined to get a resolution enacted — and he is absolutely right on that.

Mr. Reagan is now being pulled by three clearly discernible factions among his own staff. One of them is chiefly interested in maintaining the very rapid increases in defense spending. One is adamant about holding down taxes. The third is worried about his large deficits and the high interest rates that they perpetuate. To do anything about the deficits will require modifying the defense plans and raising taxes. Sen. Domenici has been warning him about that, with absolute consistency, for a year and a half. The president's budget director, David Stockman, made much the same point in the very candid memorandum that leaked last week. But Mr. Reagan so far is giving priority to defense spending and low taxes — to the dismay of many in his own party.

That seems to be Mr. Reagan's style on budgets. He strikes a posture, and waits for Congress to intervene on the side of reality and necessity. He did it last year, and he is doing it again this year. Congress is rising to the challenge remarkably effectively. And when the White House attacks senators for departing from the presidential position, perhaps it is not to be taken entirely seriously.

—THE WASHINGTON POST.

## Loose Talk of Cheating

President Reagan has been playing with the idea of accusing the Soviet Union of violating arms control agreements. The White House has remanded the matter for further study, but appears eager to dust it off at any time. Asked at a recent photo ceremony if the Russians had violated the SALT treaties, Reagan replied, "When have they stopped?" For the sake of short-term gain, such as helping the defense budget through Congress, the president was evidently tempted to jeopardize the treaties.

"There have been increasingly serious grounds for questioning [Soviet] compliance with the arms control agreements that have already been signed," Reagan said three weeks ago, stating that he might have more to say soon. On Friday, he reiterated some, showing that he understood that it is often prudent to hear a suspect's point of view before condemning his guilt in public.

The SALT-1 treaty of 1972 set up a Standing Consultative Commission in which both sides might raise matters of concern about the other's adherence. Officials familiar with its work say there has been no case in which inquiries were not ultimately resolved to the satisfaction of both parties.

But the administration has almost entirely abandoned use of the commission, on the ground that this would give legitimacy to the SALT-2 treaty, which it is observing but refusing

to have ratified. The failure to exploit this channel has left it much confused about some Soviet practices and intentions.

A case in point is a Soviet missile test Feb. 8. The missile appeared to be a second new type of ICBM, when SALT-2 restricts each side to only one. The Russians indicate it was a permitted modification of their existing SS-13. There are substantial reasons to suggest that the missile was different enough from the SS-13 to constitute a new type, as defined by the treaty. But since there has been only one flight test, and not all U.S. intelligence-gathering systems were functioning that day, it is hard to be sure. It's exactly the kind of ambiguity the consultative process used to resolve.

The SALT treaties are technically complex agreements, with many gray areas. The Russians exploit all loopholes and chisel away at the limits. They also have questions about U.S. behavior.

One answer is to reach new agreements to resolve these inevitable doubts. The other is to jump to the conclusion that all ambiguities are Soviet violations, which is a large step toward abrogating the whole process. A sincere interest in arms control would lead the administration to explore these problems fully with the Russians before it contemplated provocative public denunciations.

—THE NEW YORK TIMES.

## Too High on the 'Hog'

"I'm not concerned about the Japanese," Vaughn Beals, the president of Harley-Davidson, said two years ago. "There's nothing magic in what they do." Later, the sobered chief executive of the only American-owned manufacturer of motorcycles has been telling a different story.

Mr. Beals has not proved that Japanese competitors have acted unfairly. But he has convinced the Reagan administration that Harley-Davidson has been injured by imports. President Ronald Reagan recently offered relief — a tenfold temporary rise in tariffs on foreign competition.

Will the tariff give Harley-Davidson time "to make manufacturing improvements and bring out new products," as Mr. Beals contends? There is no way to know. What is certain, though, is that the tariff will raise the price of large motorcycles by 10 to 20 percent. Worse, it will encourage manufacturers of other products, also beaten in the marketplace by foreign rivals, to demand similar protection.

Just a few years ago Harley-Davidson held a commanding lead in the sale of "hogs," the heavy motorcycles with large-displacement engines made famous by Marlon Brando and countless police departments. Honda, Yamaha, Suzuki and Kawasaki had come to dominate the market for smaller machines by offering quality, variety and low prices. But Harley's management figured that their customers would always pay a premium for the hog.

They figured wrong. Japanese manufacturers made Harley's customers an offer they couldn't refuse: look-alike, drive-alike hogs for

\$1,500 to \$2,000 less. And then, knowing that the Milwaukee company would appeal to Washington for protection, the Japanese offered Harley \$20 million in private loan guarantees and technical assistance. But Harley calculated, correctly this time, that Mr. Reagan would do better.

Perhaps Harley can become competitive in five years. Its unions have given up pay increases for a year and the company is updating designs and quality control. But labor still costs \$17 an hour, an enormous differential compared with Japan. It is not hard to imagine that eventually Harley will, even with the protection, fail or be merged into oblivion.

Is there a moral here? The trade laws allow the president to protect industries injured by foreign competition. Once the finding of injury had been made by the U.S. International Trade Commission, an election-minded president had little choice but to follow the commission's recommendation.

There is a better way. Permit the administration to make protection conditional on a plausible plan to make the industry competitive again. Congress knows how to do that; that is just what happened when it linked loan guarantees for Chrysler to major concessions by labor, management, suppliers and creditors.

Customers of Harley-Davidson, or other companies able to win tariff protection, will involuntarily pay tens of millions of dollars as a result. They at least deserve to know that their money is being spent in a promising cause.

—THE NEW YORK TIMES.



## May 1: Solidarity's Calculated Risk

By Leopold Unger

BRUSSELS — There will be two parades May 1 in Poland: one organized by the people and the other by the police. The scene is set for the most important test of strength since the coup d'état of Dec. 13, 1981.

The clandestine leadership of the independent union Solidarity, supported by Lech Walesa, has called for an "independent celebration" of International Labor Day. It denounced the official ceremonies as an insult and asked that they be boycotted.

"For the government and those who live off the current regime, May 1 will be a day of uncertainty and fear. We will hold ceremonies that will let the world know the truth about Poland. We demand freedom for political prisoners, free unions and civil liberties," the Solidarity leadership, which is known by its Polish initials, TKK, said in a statement.

This declaration and Walesa's news conference at which he announced that he would march with his comrades May 1 constitute an open challenge to the Communist military regime. In a country occupied by its own army and surrounded by the Red Army, this means running a great risk. People find themselves in jail for much less.

Alexander Malachowski, a well-known columnist, was imprisoned on the charge of having met a member of the TKK, Zbigniew Bujak. Janusz Onyszkiewicz, a former spokesman for Solidarity, was jailed for a speech he made during a ceremony marking the Warsaw ghetto uprising. The Poles will need all their courage to go into the streets and march to the rhythm of the slogans of Solidarity.

The government and the Communist Party are angry. They warn that "the forces of order will act firmly and efficiently" against rebellious marchers May 1 and that "foreign and extremist agitators" are threatening to disrupt preparations for the visit later this year of Pope John Paul II.

Yet TKK seems to have calculated its risks well. The call for an independent march is clever

tactically. The government, which claims to emanate from the workers, will not find it easy to suppress a workers' demonstration on Labor Day. Last year groups of workers claiming to belong to Solidarity — whose leaders were in jail — marched through every city in Poland and the police intervened in only one case. This year the TKK is not alone; it has the backing of Walesa and the other union leaders who have been freed.

Furthermore, the TKK has called for orderly and legal marches, saying that the demonstrations must be well publicized and that the routes to be followed, as well as the assembly sites, should be made known to all.

Now the ball is in the government's camp. Walesa made it very clear during his news conference that the government alone would be responsible for any incidents and their consequences if the police intervened against independent marchers May 1. The workers, he said, consider that day and their right to demonstrate as symbols of their class consciousness.

This tactically clever move is also a major political step. It is a turning point in Walesa's attitude. His meeting with the TKK, his reaction to police harassment, his implicit but unquestionable support of the TKK call for independent demonstrations indicate a change in the situation, a change in which he will want to specify the roles that he and the TKK will play in the future.

Walesa will assume the open, legal and symbolic action, while the TKK will lead the activities that run the risk of violating martial law. The two heads of the independent workers movement, Walesa and the TKK, will thereby confer on each other a type of legitimacy.

The pressure that the government tried to exert on the church has thus been turned around. Cardinal Jozef Glemp, the Polish primate, has been neutralized by the pope's pending visit,

and, as cautious as he may be and eager for calm, he will not be able to say anything against the call for demonstrations May 1, as he spoke against a strike call Nov. 10.

The church has made important concessions to prevent impeding the papal visit. Among these was acceptance that the pope would stay in the convent of Jasna Gora and travel only by helicopter, a move that would seriously impair his contact with the people. For the same reason, he will hold only one open-air Mass.

The TKK recently wrote to the pope to explain its point of view. It told him that for the Catholics of Poland his visit must be a symbol of hope and of solidarity with the victims of oppression. "The church's goals are greater than ours," Walesa said. "The workers must not allow themselves to be led blindly. The union has its own goals."

Under these circumstances, the government's attempt to control the papal visit may have the same result as its heavy-handed domination of the ghetto uprising ceremonies; that is, a complete fiasco for the regime. One conclusion may now be drawn from the current negotiations and manipulations: If the Poles will do whatever they can to prevent the cancellation of the pope's visit, there is a limit to their compromise; they are not ready to pay the price of normalization of the military regime.

The regime will have to choose between wide repression and its inevitable consequences of violence and political fallout, or the start of a dialogue, which would entail that the government accept that a free organization can exist within the framework of totalitarianism.

Repression would be catastrophic for everyone, including General Wojciech Jaruzelski. A dialogue would not be something unknown. The Polish government has already shown that it knows how to negotiate; it understood the balance of forces within the nation when it signed an agreement with Solidarity in Gdansk on Aug. 31, 1980.

International Herald Tribune.

## Sophisticated Liberals Shouldn't Mock Glenn

By James Reston

WASHINGTON — At this early stage of the 1984 presidential election, attention is focused on statistics and techniques: who's ahead in the polls, who has raised the most money, and put together the best organization, and attracted the most support from labor, the blacks, the conservationists, the anti-nuclear voters, etc.

These are important and often decisive considerations, and former Vice President Mondale is favored to win the Democratic nomination because he has concentrated on them, whereas Senator John Glenn is being criticized because he has not.

He is working to improve the machinery of his campaign, and will have plenty of time to do so. He is well aware of the political power of the many large special interest groups within the Democratic Party and is seeking their support, but he's not always telling them what they want to hear.

The decisive consideration for most candidates in the early days of a campaign is not whether the policies they advocate are good but whether they are popular, not whether their remarks win the support of the electorate as a whole but whether they appeal to the active leaders of large political constituencies.

But this is not Glenn's way. He is acceptable to most factions within his party but captive of none. He goes along with big labor most of the time, but will suddenly vote, for example, against one of labor's favorite issues, such as the provision permitting one union to shut down an entire construction site. He backs Israel, but votes to send the most modern U.S. planes to Saudi Arabia and is therefore charged with being "no friend of Israel."

He is liberal in his votes on women's rights and aid to education and the elderly, but on most economic issues he votes more with the Republicans than any of the other Democrats. He is presidential candidate, though he condemns Reaganomics, as he did in announcing his bid for the presidency the other day in his home town of New Concord, Ohio.

The Democratic pros accuse him of seeking the nomination outside the bounds of his own party, and the Republicans accuse him of proclaiming an optimistic riot of contradictory beliefs.

He is told this may be a good strategy once you get the nomination but a poor way to get it. He listens and goes his own way, as he did in the 1980 elections in Ohio, when he won by more than a million votes while Jimmy Carter was losing the state to Ronald Reagan by half a million. Glenn is trailing Mondale now, but

his stubborn independence, self-confidence, unflinching optimism and acknowledged moral integrity should not be minimized or mocked, as some of his sophisticated liberal critics are inclined to do.

There are ways of looking at this competition for the Democratic nomination besides watching the capricious fluctuations of the polls and the lobbies.

In the last half of the 1980s, the United States is clearly going to have to face a vast reappraisal and transformation of its national life, affecting the condition of its old industries, the computerization of its business and education, the relations of the U.S. government to the American people and to its allies, adversaries and the hungry majority of the human family.

This is not likely to be a passing phase that can be handled by the rigid ideologies of right or left but will require a great national, cooperative,

flexible, pragmatic, bipartisan effort. Americans are just beginning to sense that something unprecedented has happened, requiring new and different ways of looking at the problem of leadership in the White House, Congress and many other institutions.

In this sense, Glenn's independence and his appeal beyond the lobbies and party dogmas may not be his weakness but his strength. Unlike Mondale, who is betting on the support of labor and the rising power of blacks and Hispanics, Glenn is casting his net much wider into the business community and the growing body of independents, weary alike of New Deal slogans and Reagan's comfortable illusions and easy cheerfulness.

It is said that the people will likewise grow tired of Glenn's misty vagueness and demand a more concrete definition of his policies. That may be so, but for now he has a philosophy that is likely to appeal to the

longings of a wider audience than Mondale's.

This is especially true in the South, without which the Democrats cannot hope to win, and in the conservative West and Southwest, where the Democrats have been losing ground.

Glenn cannot match Reagan's charisma or Mondale's windmill speaking style — though his speeches are getting shorter and sharper — but he probably has a better chance to capture the middle ground than anybody else in his party, and that's where elections, if not nominations, are won.

"The issue is leadership," he said in New Concord. "The policies of this administration aren't expanding opportunity, they're diminishing it. They aren't promoting excellence, they're discouraging it. They aren't fostering compassion, they're reducing it. The president says America is on the march. I say it's time America was on the march."

Even a lot of Republicans would probably endorse that.

The New York Times.

## LETTERS TO THE EDITOR

### 40 Years Too Late

Regarding "Polish Police Arrest 26 in Underground" (IHT, April 18):

The Polish government's attempt to use the occasion of the 40th anniversary of the Warsaw ghetto uprising to distract attention from current political repression is, to be sure, contemptible.

But Mr. Onyszkiewicz's belief that the ghetto fighters would, if alive, "join us in the fight" is equally out of place. Forty years ago, none of the (non-Jewish) Polish resistance organizations lifted a finger to help the Jews or to cooperate with Jewish-dominated resistance groups. Today, these same people and their children compete with each other to claim the blessings of the Warsaw ghetto survivors. They are 40 years too late.

RICHARD KOGUT, Paris.

### Commission's Courage

Regarding "The Jerusalem Ethic" (IHT, Feb. 14):

Israel's inquiry into the Beirut massacres, the commission's courage in upholding the finest standards of human justice and civilized behavior is heartening to the horrified, and conscience-stricken people of all nations who watched the terrible Lebanese drama unfold before their eyes all last summer. Much of Israel has

stood up and accepted the burden and shame of the Sabra and Chatila atrocities, but what of the others who were also responsible? What of the barbarous Christian Phalangists whose hands did the actual killing? What of the American and other governments who withdrew their protection from Beirut far too soon, and what about the American Jewish community who has, in blind zeal, supported the state of Israel no matter what policy its present government pursued? Surely the blood of the murdered Palestinians can fall on the shoulders of other people as well as upon the conscience of the citizens of Israel? As the New York Times article so well stated, "Americans have a duty here." We should support and encourage the many Israelis who do not want domination over a million Palestinians, and who never wish to be a party, no matter how remote, to acts of atrocity against another people again.

FAITH COSSA, Geneva.

### Distinction of Degree

Regarding "Making a Distinction" (IHT, March 7):

Anyone who has read the Kahane report, biased though it was, cannot but conclude that Sharon et al. ordered troops into the camps (Sabra and Chatila) knowing full well what

would occur. Also, from the Israeli command post on the perimeter of the camp it was very easy to see what was happening, even without binoculars.

The distinction between Barbie and Begin, Sharon, etc., is at this point only in degree — not in the kind of immorality.

Dr. JACK D. McLEOD, Beirut.

### The New Superchips

Regarding "Pentagon Aims to Overtake Japan in Race to Build 'Supercomputers'" (IHT, April 2-3):

Every detail of Michael Soutage's article accords with what we have had to learn about the tactics and strategy of late-20th-century science. The predictable development of new "problem-solving capabilities," the Pentagon's assertion of an untested *droit de seigneur* over the development, the automatic assumption that what really matters is whether it will permit the United States to dominate Japan industrially and the Soviet Union militarily (or perhaps both of them industrially-militarily?).

Never fear, the new superchips will kill their thousands and their tens of thousands — if not their millions. Yet it is still possible to imagine that such a qualitative leap into new kinds of analysis and control — into a new degree of mastery of over human re-

## Studying Atomic Veterans

By Judy Mann

WASHINGTON — In 1973, Orville Kelly of Burlington, Iowa, was diagnosed as having a terminal form of lymphatic cancer. He was 42. He told his wife, Wanda, that he believed the cancer was caused by excessive exposure to radiation. Kelly, who had been the Army commander of Japan Island in the Pacific in 1957-58, witnessed 22 detonations of nuclear weapons.

"Orville used to tell me they'd swim in the lagoon where they blew up the bomb," says Wanda Kelly. "Testing took place all the time, before he got there. You know, there was radiation all over the place."

Orville Kelly filed claims with the Veterans Administration for medical treatment and disability compensation. They were denied because the illness did not show up within a year of his discharge, and later because he had not been exposed to enough radiation. "He had to prove they'd only measured him for five months," says Wanda Kelly.

In 1979, the Kellys formed the National Association of Atomic Veterans, to lobby on behalf of an estimated 250,000 U.S. servicemen who were exposed to radiation during the occupation of Hiroshima and Nagasaki and during the atmospheric tests in the Pacific and the American southwest between 1946 and 1962. They were exposed at a time when authorities knew little about the long-term dangers of radiation.

Dr. Edward A. Martell of the National Center for Atmospheric Research — a radiochemist who participated in four test series in the early 1950s — testified at a recent congressional hearing that film badges worn by servicemen near the testing sites often did not properly measure the radiation. He believes they may have inhaled fallout.

According to the VA, 3,325 veterans have filed for compensation as a result of radiation exposure. Only 2,321 of them have shown medical conditions requiring treatment. So far, the VA has allowed 29 claims as a result of atomic testing and 55 claims as a result of radiation exposure from other sources.

It finally allowed Kelly's claim in November 1979. He died seven months later, but as a result of his tenacity, his widow is entitled to a pension, his four children can go to college on the GI bill and the family can get military health care.

Wanda Kelly says her organization has located 16 widows of veterans who died of leukemia and 22 cases of multiple myeloma, a deadly form of bone cancer, among 500 veterans of Hiroshima and Nagasaki who have contacted the group. Joint and muscle problems are also being reported, as well as stillbirths, birth defects and miscarriages.

The only government study done produced less alarming findings. The Centers for Disease Control studied veterans exposed in August 1957 to a nuclear blast in Nevada. It found a statistically significant increase in the incidence of leukemia, but no increase in other cancers and a lower overall death rate than could be expected.

Until recently, the VA treated only cancers or thyroid nodules, which are known effects of radiation exposure, as service-related illnesses. Guidelines issued this month enable veterans who were exposed to radiation in Japan or during the atmospheric testing programs to receive a physical, and if a medical problem is identified, it is up to the physician to establish if it was caused by something other than exposure to radiation.

Except for the CDC study, and for data being collected by Wanda Kelly's group, very little is known about what has happened to veterans exposed to radiation and whether they are suffering statistically normal or abnormal problems of reproduction and aging.

The Senate Veterans Committee has endorsed legislation that orders a long-term epidemiological study of the atomic veterans. Such a study would be costly and a record would at best be circumstantial. But it would give atomic veterans a much better idea than they have now what price they and their children may have paid for their exposure.

The Washington Post.

ality, outer and inner — might serve what Auden, in his United Nations hymn, called "adventure, art, and peace."

DAVID DORRANCE, Paris.

### Supporting Dictators

Regarding "Reagan and Morality" (IHT Other Opinion, March 19-20):

Mr. Yoder of The Washington Post applauds Mr. Reagan because he "scandalized some centers of fashionable opinion by suggesting that national moralities matter."

At a time when it becomes known that the United States sheltered Nazi criminals the likes of Klaus Barbie, a call for national moralities is more than ever needed, though hardly from those who would violate them or praise the violators. The U.S. has a long record of supporting the world's most brutal dictatorships, and the Reagan administration is anything but an exception. Bloodstained Guatemala rates "friendly"; the illegal military training of counter-revolutionary Nicaraguan guardsmen has been permitted and even encouraged; Mr. Reagan disregards torture and mass killings in El Salvador. I am joining "fashionable opinion."

LEONORE SUHL, Portimao, Portugal.

## FROM OUR APRIL 26 PAGES, 75 AND 50 YEARS AGO

### 1908: Ships Collide in Solent

LONDON — A distressing sea disaster occurred [yesterday] afternoon off Black Rock, Isle of Wight. The American liner St. Paul, driving through fog and snow, struck the British cruiser Gladiator, which was riding at anchor in the Solent. The St. Paul, bound for New York, was stealing her way through the needles when out of the fog and blinding snow loomed the Gladiator. The St. Paul immediately reversed her engines, but in vain. The vessels met with a tremendous shock. Amid shouts of dismay and resonant commands, the vessels backed off from one another. The cruiser sank in about twenty minutes. Latest reports indicate that the death roll numbers about a score. The St. Paul sustained a badly buckled bow.

### 1933: Farm Laborer Is Struck

NEWBRIDGE, Ireland — Through the discovery of a faded photograph of his mother, John Flynn, 60-year-old farm laborer, has inherited \$1,000,000 from the estate of his aunt, Mrs. Ida Wood, a wealthy reclusive, who died in March 1932. She was the widow of the publisher Benjamin Wood. Flynn's mother was Mrs. Wood's sister. The heir was told of his good fortune while he stood knee-deep in water, digging a ditch for his employer. Flynn is one of several relatives who will share the hoarded wealth of one of New York's strangest characters, a former society woman whose last days were spent in a dingy hotel room. Through her marriage with Wood, she inherited many properties, including the old New York "Daily News."

## INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER, Co-Chairmen

LEE W. HUBNER, Publisher  
Executive Editor  
ROLAND PINSON  
Editor  
RENE BONDY  
Deputy Editor  
FRANCOIS DESMAISON  
Deputy Editor  
Director of Advertising  
RICHARD H. MORGAN  
Associate Editor  
STEPHAN W. CONAWAY  
Director of Operations

International Herald Tribune, 181 Avenue Charles de Gaulle, 92300 Neuilly-sur-Seine, France. Telephone 747-1265. Telex 612718 (Herald). Cables Herald Paris.

Director of the publication: Walter H. Thayer.

Gen. Mgr. Asst.: Alan Lecour. 24-34 Hennessy Rd. Hong Kong. Tel. 5-285618. Telex 61170.

S.A. au capital de 1.200.000 F. RCS Nanterre B 73202126. Commission Paritaire No. 34211.

U.S. subscription: \$250 per year. Second class postage paid at Long Island City, N.Y. 11101.

© 1983, International Herald Tribune. All rights reserved.



## ARTS / LEISURE

## The Definitive Verdi: Vol. 1 in a 30-Year Music Project

By Donal Henahan

New York Times Service

NEW YORK — So few books about music or musicians can be taken seriously, except as exercises in historical fiction or career promotion, that the occasional worthwhile publication stands out like a swan on a duck pond.

Wordworth is, in fact, the mild sort of praise that can be applied to "Rigoletto," the first volume to appear in "The Works of Giuseppe Verdi," a critical edition of the composer's music being put out jointly by the University of Chicago Press and G. Ricordi, the Italian publishing house. In many ways, this edition illustrates the state of the art in musical scholarship. The modern researcher is part of a team of specialists. Long gone are the days of the self-proclaimed individualists such as Alexander Wheelock Thayer, who decided in 1849 to write Beethoven's biography and went roving about Europe on his own hook in search of material. Today, his research would be subsidized by public or private philanthropy, and much of it could be done at home by means of microfilm or photocopied documents and tireless computers.

By current reckoning, the new Verdi project will take more than 30 years. "Rigoletto," the first volume, which was financed by grants from two Chicagoans, Brenda D. and Lee A. Freeman, as well as the National Endowment for the Humanities, is therefore barely a beginning. Besides Verdi's 26 operas, there will be new editions of his other music. Already the project promises to be the most significant development in the history of Verdi scholarship, traditionally far behind the work done on behalf of other major composers, especially the Germans.

To some extent, this was the fault of Ricordi, which for many years chose to keep its trove of Verdi material close to its chest. About 25 years ago, however, the publish-



Giuseppe Verdi

er began to allow freer access by scholars, with startling results. Most Verdi scores circulating in the world were discovered to be filled with printing errors, misreadings, cuts and other disfigurements.

Little by little, Verdi specialists began to band together and share information to bring into sharper focus not only the scores themselves but biographical facts surrounding them. One recent result of this scholarship, for instance, has been Julian Budden's magnificent three-volume study, "The Operas of Verdi." Even so, some 80 years after the composer's death, there still was no complete edition of his music available.

Now we have the first installment in a complete re-examination of the scores under the overall editorship of Philip Gossett, with the aid of Budden, Martin Chusid, Francesco Degrad, Ursula Günther and Giorgio Pestelli. Chusid is the editor in charge of the "Rigoletto" edition, whose \$200 cost includes a beautifully printed, sturdy bound full score, as well as a separate book of critical, bar-by-bar commentary that is staggering-

ly detailed. The first performance of the new edition took place recently at the Vienna State Opera under Riccardo Muti's baton.

Not that every discovery or interpretation in this "Rigoletto" will be honored by every singer, conductor or director. It is neither possible nor desirable to put any work of art in a straitjacket. The eternal struggle between purity and practicality is not merely inevitable but one of the dynamic forces that keep the musical world going. As the editor himself makes clear, there are still many mysteries about mid-19th century performance practices, especially in the vocal realm. Sometimes in his autograph Verdi provides neither tempo nor dynamic indications for the voices. He does not always insist on this or that way of phrasing. The editor — and ultimately the performer — must make a choice.

Sometimes, there is no way to be certain which instruments he required: several low brass instruments were grouped together under the general terms *corni* or *clarini* in Italian opera houses of the period. In modern performances, varieties of tuba probably would be substituted. When the *banda*, or military band, is in action offstage Verdi does not invariably make clear which instruments it should include. Both in pit orchestra and band, there is much confusion about whether the bass drum is to be played alone or with cymbals. The question of how or whether to deploy the three instrumental ensembles he may have wanted playing simultaneously for 83 bars in the Introduction to Act I (pit orchestra, string orchestra on stage and stage band) is left unresolved. He seems to have intended this as a kind of homage or allusion to Mozart's use of three similar ensembles in the first-act finale of "Don Giovanni." However, those 83 bars appear only in Verdi's autograph and in no other contemporary source, which suggests that he agreed to delete them at the premiere because of performance complications. Chusid suggests that "With modern conducting techniques and closed-circuit television, performances following Verdi's original intentions have become possible and may well prove successful."

However, the modern-day conductor of "Rigoletto" has an identity problem: He is a phantom, historically speaking. At the time "Rigoletto" was first produced in Venice, in 1851, Italian operas were performed without a conductor. The concertmaster gave whatever cues were thought necessary both for stage and pit. By modern standards, ensemble must have been anything but precise.

Singers, moreover, almost certainly went their own way more blithely than they do now, which might account for the comparative scarcity of instructions as to vocal phrasing, accent, tempo and embellishment. There is some evidence that by the time he wrote "Rigoletto" Verdi was in a mood to throttle singers who decorated his vocal lines even a little. Certainly his last operas, "Otello" and "Falstaff," provide little opportunity for ad lib tinkering. But as a younger composer, too, he may have felt just as strongly about the matter without yet daring to go against a tradition that put singers at the center of the musical universe.

But who knows for sure? Chusid

does not dodge this issue: "To what extent did singers of Verdi's time take liberties with the vocal lines of 'Rigoletto'? Did they improvise cadenzas, provide variations or interpolate high notes? Unfortunately, we know relatively little in this crucial area."

So, even in an edition as fanatically investigated and meticulously annotated as this "Rigoletto," some black holes of scholarship still appear. At every step, the editor of any such critical version must face contradictions, confusions and ambiguities, and at every step choices must be made, some of them Procrustean.

Since Verdi never expected his full score of "Rigoletto" to be published, he was not always at pains

to spell out details. From page to page, he can contradict himself. Sometimes he will correct one obvious error, then overlook another. Sometimes he writes in an obviously wrong clef, forgets the register of an instrumental part or even forgets to continue writing out the part, particularly after a page turn. In many instances, the editor is not able to discover what Verdi meant and must make a Draconian decision. In "Rigoletto," at least, these choices do not often seriously alter the flow of the music as we have come to know it, probably because Verdi's autograph is, in Chusid's words, "a document of remarkable clarity," in spite of its blurs and smudges and minor deformities of craftsmanship.



Mion-Miou (right), Isabelle Huppert in "Coup de foudre."

## Diane Kurys Scores 'Coup' in Third Film

Thomas Quinn Curtiss

International Herald Tribune

PARIS — Diane Kurys made her debut as a director with "Diabolique," a minor movie about minors whose favorite tittle bears the name of the title. Done with disarming simplicity and light but never condescending humor, it had a breezy April freshness. Her second try, "Cocktail Molotov," attempted to repeat the trick, but this time its teen-agers, eagerly pricking up their ears to learn belatedly of the 1968 student riots as remembered by their elders, were of transparent fabrication and evoked only yawns.

In her Opus 3, "Coup de foudre," she has quit child psychology for grown-ups and tackles the mysteries of two marriages that go awry. Here is a curious story related with surprising command. It traces the initial descent to the lesbianism that dominates in the wives. This analysis is sufficiently audacious to probably augment the film's box-office appeal, but the treatment, though candid, has serious dignity and theatrical subtlety, disclosing Kurys as a scriptwriter and director of uncommon skill.

In a prologue we meet Lena, a Jewish girl of Russian origin who is a resident of France and who has been infixed by the Nazis. In order to escape being deported she marries Michel, who is a French citizen.

The scene shifts to Lyons in the 1930s where the couple settles. Michel is a hard-working, hard-headed garage mechanic devoted to the couple's two daughters. Lena, bored with her mate and household duties, meets Madeleine, whose little son attends the same school as the daughters. She, too, is a survivor in a sense. Her young husband has been killed in the Resistance and she has subsequently wed a self-made man. She has artistic yearnings and wants to go to Paris as dress designer. She divorces her husband and departs, eventually leaving Lena to follow her. Michel makes violent efforts to destroy their relationship, but finally resigns himself to the situation.

Kurys keeps a fast hold on the incidents of her narrative, avoiding threatening sensationalism, bathos and sentimentality. Notable is her knack for characterization. Not only are the two women convincingly drawn, but so are the two men — Michel, the roughneck mechanic, and Costa, the pallid comedian. Her picturing of the men strengthens her premise, and such skillful portraiture of the males of the species by a feminine hand is unusual.

The casting is no less expert, with Isabelle Huppert as the desolate wife and with Mion-Miou (who has an amazing historicizing) rendering an admirable impersonation of the sapphire siren. Guy Marchand as the husband of the first and Jean-Pierre Barri as the husband of the second, similarly are ideally suited to their assignments. As a theme song, Joe Howard's old barroom ballad, "I Wonder Who's Kissing Her Now," sung in English, is employed as a sardonic-grace note.

"La Belle captive" is the latest effort of Alain Robbe-Grillet, the pope of *le nouveau roman*, to transform himself into a film auteur.

On this occasion his screen style has accelerated pace, but his scenario remains a guessing game, stubbornly, indeed proudly, enigmatic. It is based on the optical illusion experienced by a young, paranoid detective who becomes obsessed by the image of a girl he meets but once in a nightclub. She strangely vanishes and, unable to find any trace of her, he dreams that she has encountered foul play, seeing her murdered in various versions.

Robbe-Grillet, as is his wont, supplies no clues to the misadventure. Is what seems to happen real or is it only a mad nightmare? He limits references to the proceedings to aesthetic terms alone. Here in his photography and theatrical approach he is obviously under the influence of the work of the Surrealist painter Magritte. Involved in the proceedings are Daniel Mesguich, Cécile Claire, Daniel Emilfork, Gabrielle Lazure and François Châteaume.

There is an adage that every movie must end in a change. Some movies change everything else.

## Joseph Wechsberg's Food Vistas

By Mimi Sheraton

New York Times Service

NEW YORK — There are about two dozen books that I cherish because, in one way or another, each changed my life or my view of life, which is perhaps the same thing. Not too surprisingly, several are about food and served as consciousness-raisers, tipping me off that there was more to that subject than originally met my palate.

Foremost among them is "Blue Trout and Black Truffles," a deliciously rich memoir and appreciation of food written by Joseph Wechsberg, who died in Vienna earlier this month. Published in 1953, the book recounted the author's journey from a childhood diet of frankfurters and cocoa to the haute-cuisine intricacies cooked up for him by such great French chefs as Michel Guérard and the late Fernand Point.

A skillful and amusing writer, Wechsberg took me on a delectable journey that began with the plain, sturdy cooking of his native Czechoslovakia through the more baroque splendor of dishes in Vienna and, finally, to the elegant subtleties of French food, which he discovered as a music student in Paris.

Wechsberg, an accomplished violinist as well as a journalist and essayist, wrote most enticingly about the good life — about cruise ships and grand hotels, concerts and museums, merchant bankers and divas, wursts, wines and violins, and most temptingly of all, of his favorite cities, Paris, Vienna and Prague.

Although he wrote the text for "The Cooking of Vienna's Empire," published by Time-Life Books, Wechsberg was too broad-ranging a journalist to be described by the narrow designation "food writer."

But food brought out the best in him, whether in New Yorker profiles of great chefs and restaurateurs or in the original Holiday magazine, to which he was a frequent contributor.

"Blue Trout and Black Truffles" remains my favorite among his works, and I doubt that I ever put fork and knife to boiled beef without thinking of his essay on the dish. Describing each of the 25 cuts that connoisseurs in Vienna favored for it, he said, "You

didn't merely order 'boiled beef' — you wouldn't step into Tiffany's and ask for 'a stone' — but made it clear exactly what you wanted." He went on: "Boiled beef was not a dish, it was a way of life. Citizens of Danube capital, venturing into hostile foreign lands where boiled beef was simply boiled beef, would take Viennese cookbooks along that contained the anatomical diagram of a steer. This was a wise precaution."

The very idea that boiled beef was a dish worthy of connoisseurship was news to me, and encouraging news at that. I had grown up with it and loved it, but it hardly seemed "fancy" enough to inspire poetic prose. Wechsberg knew better, and he was sure of himself. He was willing to celebrate and give serious attention to any food that was good.

The other lesson Wechsberg taught was that it is impossible to appreciate food without being aware of the life that goes on around it. Food was the centerpiece of "Blue Trout," but as appreciated and written about by this expansive bon vivant, it was inseparable from the customs, tone and temperament, the architecture and even the music of a place. What I am forever grateful to him for is not that he taught me any specifics about food but that he was one of the writers who taught me how to see.

As an incurable daydreamer, I have often conjured up fantasy meals that I would love to share with some of the world's great eaters. Imagine, as I often do, having lunch with Orson Welles in Paris, dinner with Fellini in Rome and any meal with M.F.K. Fisher in her native California. There are dozens of people I would love to eat with, and high on that list was Joseph Wechsberg.

Since this all takes place in my imagination anyway, perhaps it is not too late to share with him a *bouillabaisse* in Marseilles, a *Balaton fogas* to start with at Gundel's in Budapest or a *Jause* in a Viennese *konditore*, where that mid-afternoon snack consisted of several large cups of coffee with cloudlets of whipped cream, bread and sweet butter, *Gugelhupf* (surely the world's best pound cake) and a variety of fruit, chocolate and custard-laden pastries.

IMPORTED

Canadian Club Whisky

Distilled and Bottled under Canadian Government Supervision

Hiram Walker & Sons Limited

Since 1858

Canadian Club.  
Lighter than Scotch, smoother than Bourbon.

The smooth and distinctive taste of Canadian Club is appreciated all over the world. Enjoy Canadian Club, neat on the rocks or mixed to your taste.

Canadian Club Since 1858.

## Sheraton wins on style in North America.

## TORONTO



## The Sheraton Centre of Toronto

A world-class hotel ideally located in the city's business, shopping and entertainment centre. Fine dining and relaxation in seven restaurants and lounges, including the Winter Palace Restaurant for fine cuisine and The Redwoods for hearty fare. Indoor/outdoor pool and health club. For the ultimate in elegance and personal service — there's the Sheraton Towers, a luxurious, private hotel-within-a-hotel.

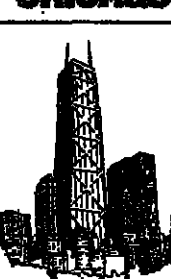
## NEW YORK



## St. Regis-Sheraton Hotel

A New York landmark on Fifth Avenue in the tradition of European grand hotels. Next to shopping and business. A blend of turn-of-the-century grace and the glamour of contemporary New York. Enjoy Broadway Revues at the King Cole Restaurant; light lunch or late-night dancing at Astor's. A Mobil four-star award hotel.

## CHICAGO



## Sheraton International at O'Hare

A hotel designed to meet the needs of today's business traveler. Next to O'Hare Airport, a short ride from arrival gates via courtesy transportation. Near business, industry, shopping and entertainment. There are a choice of restaurants for quick service or elegant, leisurely dining, a lounge with entertainment and spacious guest rooms. Indoor swimming pool.

To make a confirmed reservation, call Sheraton's on-line computer reservations system — Reservation III — at the number nearest you:

Vienna, Austria	022/54-21-32	Amsterdam, Netherlands	020/43-48-74	Geneva, Switzerland	022/210993
Brussels, Belgium	02/219-45-96	Oslo, Norway	02/41-69-95	Zurich, Switzerland	01/302-0838
London, England	01 636-6411	Barcelona, Spain	03/317-50-68	Düsseldorf, West Germany	0211/468821
Paris, France	01 401-20-04	Madrid, Spain	01 401-20-04	Frankfurt, West Germany	0611/293306
Milan, Italy	2 654051	Stockholm, Sweden	08/22-94-55	Munich, West Germany	089/185063

Or call your nearest Sheraton Hotel, Reservations Office or your Travel Agent.

Sheraton Hotels Worldwide®

## Keep Abreast of Japan With the ASAHI EVENING NEWS

The Asahi Evening News, an afternoon newspaper, is the English-language sister paper of the Asahi Shimbun, Japan's foremost newspaper. The Asahi Evening News, in addition to its own news coverage, prints the exclusive news, editorials, features, analyses and commentaries of the Asahi Shimbun which has an extensive worldwide network of correspondents. The rich variety of features and news stories in the Asahi Evening News has consistently won widespread acclaim. It is held in high esteem by a broad range of Japanese as well as non-Japanese readership.

## ASAHI EVENING NEWS

Tsukiji, Chuo-ku, Tokyo 104, Japan Tel: 03-543-3321 Telex: 2522306 AENEWS J

## Overseas Representatives for Asahi Shimbun and Asahi Evening News:

Asahi Shimbun New York Business Bureau c/o Powers International, Inc. 551 Fifth Avenue, New York, N.Y. 10017, U.S.A. Tel: (212) 867-9582 • For U.S.A. Powers International, Inc. 551 Fifth Avenue, New York, N.Y. 10017, U.S.A. Tel: (212) 867-9580 • For Canada National Advertising Representatives Ltd. Suite 414 Beatty Street, Vancouver, B.C., Canada V6B 1A2 Tel: (604) 688-6819 • For Brazil Interpress-Midia Internacional, Ataulfo de Paiva, 135/gr. 816, Rio de Janeiro—RJ, Brazil Tel: 239-6245 • For Mexico Representaciones Publicitarias Selectas, S.A., Avenida Juárez 56, 703 rd 705, Mexico 1, D.F., Mexico Tel: 521-2237, 6786 • For United Kingdom and Ireland Joshua B. Powers, Ltd. 46 Keyes House, Dolphin Square, London SW1V3NA, England Tel: (01) 834-8023 • For Germany Atlas Verlag & Werbung GmbH, Postfach 20 01 01 Sonnenstrasse 29, 8000 München 2, West Germany Tel: (089) 5177-1 Telex: 523662 Atlas D. • For Italy S.P.I. Società per la Pubblicità in Italia S.p.A. Via Manzoni 37, I-20121 Milan, Italy Tel: Milano 6313, Telex: 321235 • For Greece Publicitas Athènes, 1, rue Bakou, Palatin Psychiko, Athens, Greece Tel: (01) 692-9607/8 Telex: 21 5381 GR • For Australia ParPlan, 157 Walker Street, North Sydney, N.S.W. 2060, Australia Tel: 922-2677 • For New Zealand McKay Media Representatives, P.O. Box 45023, Te Atatu North, Auckland 8, New Zealand Tel: 83 46789

## Asahi Shimbun THE FOREMOST NEWSPAPER IN JAPAN

## JAPAN QUARTERLY

JAPAN QUARTERLY, published by the Asahi Shimbun, is the oldest, best-known English journal on Japan, featuring articles on the nation's politics, economics and society by Japanese specialists, along with regular features like Contemporary Artists in Japan, People in the Spotlight, a bibliography and chronology. Authoritative, wide-ranging and always readable, JAPAN QUARTERLY is your key to understanding Japan.







## A New Devaluation Expected This Year

By Robert Wazek

ROME — On March 21, the Italian lira was devalued 2.5 percent against the seven other currencies in the European Monetary System. The consensus among leading Italian financial, banking and industry figures is that another devaluation will be needed before the end of the year.

The March devaluation, they said, was a foregone conclusion — indeed, should probably have been done several months earlier. Some economists think the lira remains overvalued, particularly against the French franc, which was also devalued in the EMS.

There is consensus on three other points as well. First, the devaluation will have only a slightly positive, short-run effect on Italy's economy, in that it will tend to increase exports and decrease imports.

Second, it will add about one point to Italy's inflation rate, which was 16.4 percent in 1982 and 14.9 percent for the first quarter of 1983. Third, it will do nothing to solve such high government deficits, high inflation and high interest rates — important factors in devaluations.

Previous devaluations have not helped much, either. Since the EMS was established four years ago, the lira has been devalued three other times: by 6 percent in March 1981, by 3 percent in October 1981 and by 2.75 percent in June 1982.

Italian reserves, generally strong, nevertheless have had to be used frequently to shore up the lira. Total reserves, according to the Bank of Italy, fell to 53.16 trillion lire (\$37.97 billion) on March 1, from \$49.67 billion at the beginning of 1982, a decline of 24 percent. Gold reserves, now \$23.18 billion, have held relatively steady, while foreign currency and European Currency Unit holdings have dwindled as the bank has acted to turn back speculation against the lira.

Unlike all other EMS currencies, which are allowed to fluctuate by a margin of 2.5 percent, the lira, in recognition of its precarious situation, has been permitted a 6-percent fluctuation. Over the past six years, according to Carlo Ciampi, the Bank of Italy's governor, the combination of devaluations and adjustments within the EMS margin has resulted in the lira losing an average of 6 percent a year against other currencies since the creation of the EMS. This, he said, is an improvement over the pre-EMS period. In 1971-79, for example, the lira lost an average of 8 percent each year against the same currencies.

To defend the lira, Italy has practiced an extremely tight monetary policy during the last four years. After the recent EMS realignment, Mr. Ciampi said there were no clear signs that this policy could be eased. Decreases in the discount rate and in interest rates — if they occur — will have to be slow and gradual.

In November, the Foreign Commerce Ministry adopted strong measures to prevent exporters from speculating against the fall of the lira. Under the old regulations, exporters were permitted to authorize 360-day deferred payments in foreign currencies to importers. Now such deferred payments require exporters to deposit 70 percent of the trade value in foreign currencies in Italian banks. The result, economists said, should be to prevent an annual foreign exchange loss of about \$4 billion.

On the monetary front, the best hope for a stable lira lies with the combination of a stronger Deutsche mark and a weaker dollar. Like Japan, Italy is a resource-poor country and so depends heavily on dollar-denominated imports of prime materials. In 1982, the dollar gained 23 percent against the lira, compared to about 12 percent for the mark. This significantly increased the amount Italy paid to import such commodities as oil, whose price decreases were more than offset by the dollar's gains. A weaker dollar in this time of declining international commodity prices would improve Italy's trade picture.

Italy showed a negative trade balance with West Germany, its biggest trading partner, of \$2 billion in 1981 and \$2.3 billion in 1982. The Italian government hopes that the mark's 5-percent EMS revaluation, in conjunction with the lira's devaluation, will make Italian goods more competitive in the West German market and lure more German tourists to Italy this summer.

Any real recovery for the lira, however, depends upon a more coherent Italian fiscal policy, and here the outlook is bleak. Even with falling oil prices, the government will be lucky to reduce inflation to its 13 percent target for 1983 (and 10 percent for 1984). Even more improbable is that it can contain the budget deficit to the target of 70-trillion lire (\$50 billion).

With the public sector borrowing requirement eating up the great majority of available credit, Italian companies have had to resort to increasingly to borrowing abroad. Total foreign debt, 70 percent of it denominated in dollars, is now \$31 billion if all short-, medium- and long-term loans are figured in. The combination of high interest rates

(Continued on Following Page)

# Herald Tribune

Published With The New York Times and The Washington Post

TUESDAY, APRIL 26, 1983

Page 9S

## BANKING AND FINANCE IN ITALY

A SPECIAL REPORT



Workers ending their shift at the Alfa Romeo Alfa Romeo plant.

### 'The Magic' Has Gone; Problems Persist

ROME — In 1979-80, when Italian economic growth totaled 10 percent, second only to Japan in the industrialized world, there was talk of Italy's economic "magic." One wondered how an economy that had so many problems could show so much vitality.

There is less talk these days of Italian economic magic; there is more talk of declining investments, structural weaknesses and failure to act. Most other Western countries have reduced inflation, albeit at the price of higher unemployment. Italy has high unemployment — 9 to 10.5 percent — and high inflation — 16.4 percent last year. Growth has stopped.

Moreover, Italy has high interest rates, gaping government deficits and deficits on merchandise trade as well as current accounts.

A 1981 study made by Mediobanca, one of Italy's 84 special long-term credit institutions — banks are not permitted to make loans of more than 18 months — pointed out the degree to which high interest rates had eaten into profits. Once high interest rates were deducted from profits, little was left over for making domestic investments. This in turn, slowed the country's once dynamic economic growth.

The 1,176 companies surveyed by Mediobanca reported that interest payments were con-

suming an unsettling 70 percent of pre-interest profits, or 6.4 percent of net sales. For state-owned companies, the figure was 9.8 percent of net sales.

Financial sources were unanimous in saying they believed this situation could only have worsened in the two years since the study was made. To revive Italy's economy, they said, investments must be revived.

Other factors retarding investment are the shortage of venture capital, attributable to a 40-percent capital gains tax, a small, archaic stock market and the lack of an over-the-counter market; the presence of only a small corporate bond market; and the severe undercapitalization of Italian companies public and private.

"The undercapitalization of Italian companies is one of the country's most severe economic problems," said Felice Gianani, director-general of the Italian bankers' association. "It is one of the primary causes of declining investment."

On the positive side, most companies have accumulated large holdings of short-term loans in anticipation of a drop in interest rates. Once rates do go down, said financial sources, there should be a sudden surge in demand for medi-

um- and long-term loans, and hence new investment.

But many bankers fear this scenario. They say it could set off more inflation — another reason for bringing rates down slowly.

While demand for credit is low now — about 3 percent below the credit ceiling, which itself is low — financiers say it will pick up as soon as rates come down. Felice Bonardi, president of Mediobanca for the Piedmont region, points out that credit demand increased 50 percent after a loan obtained from the European Investment Bank permitted him to offer terms locally of 15 to 15.5 percent.

Mr. Bonardi proposes that the government do something similar, making loans of \$700 million to credit agencies to be used for loans to small and medium-sized companies. This sum would be enough, he said, to bring lending rates to these companies below 16 percent.

The government is clearly trying to stimulate investment. A new law allows companies to revalue assets upward while providing them with more tax exemptions and better depreciation allowances. A 1977 law offers a mix of state capital, cheap government loans and reduced bank

(Continued on Page 11S)

## Treasury Pledges To Trim Deficit

By John Phillips

ROME — The Italian budget deficit last year reached 15.6 percent of the gross domestic product, a record for an industrial nation. It is widely regarded as the major structural cause of Italy's high inflation.

Most member countries of the Organization for Economic Cooperation and Development held their public-sector borrowing requirements to 3 or 4 percent of GDP. Treasury Ministry officials in Rome, however, are reported to say that, even under a model based on optimistic assumptions about the behavior of the economy, the best they expect is to lower the deficit to about 11 percent, or an estimated 63.5 trillion lire (\$45 billion), from a target of 70 trillion, by the end of 1983.

Treasury Minister Giovanni Gorla, 39, has pledged to hold the 1983 public-sector borrowing requirements to 71 trillion lire — the same money level as last year — which would be a significant drop in real terms and less than 14 percent of expected GDP in 1983.

But foreign bankers are skeptical. Long worried by the profligate tendencies of successive Italian governments, they are asking what chance Mr. Gorla has of succeeding and whether the target will make much difference to the economy if it is just a small part of overspending.

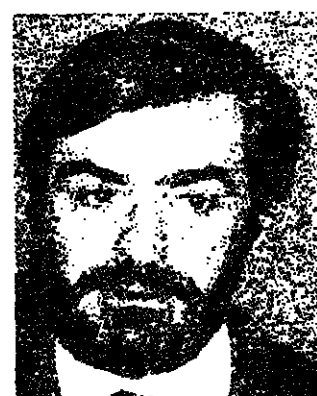
On March 29, the Chamber of Deputies, the lower house of Parliament, passed a package of 1983 budget provisions and financial legislation that theoretically would enable Mr. Gorla to achieve his objective.

The package, expected to be approved by the Senate at the end of April with implementation beginning in May, has been widely criticized for not going far enough, concentrating too much on raising new revenue by fiscal policy and through improved pricing policy in state-owned industries instead of making incisions and lopping off expendable branches of public spending.

The critics charge that the government appears to have done little to prevent the channeling of resources into consumption and away from private investment.

Mr. Gorla has said publicly, however, that the effective scope for cutting expenditure is only 2 or 3 percent. About 60 percent of the public-sector borrowing requirements are for wages, pensions and transfers to local authorities. A further 15 to 20 percent are interest payments.

The Treasury minister maintained that, even by cutting the deficit by what might seem a modest amount, he also would cut



Giovanni Gorla

the inflation rate, which he wants to bring down to 13 percent this year against 16 percent in 1982. That, in turn, would cut the cost of servicing debt, Mr. Gorla said.

Economists in Italy say the causes of the deficit are highly complex and rooted in historic factors. Structural causes include, for example, the costly system of state-subsidized layoffs under which workers receive almost full salary. Another heavy burden is the country's outdated and frequently loss-making state-run industries.

Then there is the mostly free but highly inefficient national health service. It is becoming more costly with inflation, an aging population and the various social problems caused by the recession. And the pension system is another apparently bottomless pit. The Institute for Social Security, the state agency that administers the various pension plans, had an accumulated deficit of 121,376 billion lire last year. It is forecast that, without action, the deficit will rise to 133,704 billion lire this year. Italy has less than 13 million pensioners, but the total figure could reach 20 million by the year 2000.

About 30 percent of public spending allocations are passed on to regional, provincial and city governments, several of which recently have been investigated on charges of bribery and waste of public money.

The rising public deficit has been squeezing the private sector's share of resources. In 1960 the public sector absorbed 15 percent of total internal credit; by 1970 the figure was 40 percent and in 1982 it was estimated at 66 percent.

As late as 1981 Italian governments were making only token efforts to stop this trend. The first local agency to raise the alarm seriously was the Bank of Italy, the central bank, which between the spring of 1981 and the summer of

(Continued on Following Page)

# Isveimer

1953-1983



## 30 years in the development of Southern Italy

For thirty years Isveimer has been financing new enterprises in Southern Italy, and expanding those already established. The financial solidity of the Institute and its international reputation guarantee its growth and also the accomplishment of its industrial development programmes.

### Isveimer

The medium-term Bank for Southern Italy

Representative Office: London-98, Cannon Street-EC4-N-SAD - Head Office and General Management: Naples-Via De Gasperi, 71  
Offices in Italy: Rome, Milan, Bari, Campobasso, Catanzaro, Pescara, Potenza.

## AUGUST 6TH, 1982 AN IMPORTANT EVENT IN THE HISTORY OF ITALIAN BANKING.

This is the date Nuovo Banco Ambrosiano was established by seven of Italy's prime banks\*, who subscribed to its share capital of 600 billion Lire (approx. U.S.\$ 428 million) fully paid-up. The combined balance sheets of the seven banks total more than 100,000 billion Lire (approx. U.S.\$ 71,000 million) — a significant figure which testifies to the importance of this event in the history of Italian banking. Nuovo Banco Ambrosiano controls two important banks which operate in the North of Italy: Banca Cattolica del Veneto, Vicenza and Credito Varesino, Varese. With these banks, total deposits of the Nuovo Banco Ambrosiano Group come to more than 7,000 billion Lire (approx. U.S.\$ 5,000 million). Full banking service is assured with its 360 branches. Although these are mainly located in northern and central Italy, their operational capacity covers the entire country. Abroad, customer's needs are met thanks to a global network of over 1,600 correspondent banks in 147 countries.

\* Banca Agricola Commerciale di Reggio Emilia, Banca Nazionale del Lavoro, Banca Popolare di Milano, Banca S. Paolo - Brescia, Credito Romagnolo, IMI - Istituto Mobiliare Italiano, Istituto Bancario San Paolo di Torino.

## NUOVO BANCO AMBROSIANO

THE NEW BANK ESTABLISHED BY BANKS.



**3216 Paces Ferry Place N.W.  
Atlanta, Georgia 30305.  
Tel.: (404) 233 6394.  
Telex: 804226.**



## BANKING AND FINANCE IN ITALY

### 'Re-Industrialization' Of 2 State Companies: The Debate Continues

ROME — Italy's state-owned steel company, Finisider, a division of the Istituto per Ricostruzione Industriale, is suffering losses at the equivalent annual rate of \$140,000 for every one of its workers. SNAM, the state natural gas company owned by Ente Nazionale Idrocarburi, is poised to sign a 25-year gas contract with Algeria in which it will be paying 12 percent above the market price for a quantity of gas equal to about one-third of Italy's estimated future demand.

The debate over the "re-industrialization" or "re-structuring" of Italy's two giant state-owned holding companies, IRI and ENI, can be crystallized in these two facts. Finisider is losing money because it is making too much steel and employing too many workers. SNAM, which will receive government subsidies to cover its losses on the Algerian deal, will be signing the contract for political reasons.

Over-production, labor problems, politics: these factors underlie nearly every major investment decision IRI and ENI must make over the next decade.

The re-industrialization of these two companies poses many of the same questions that other Western companies and governments are trying to answer in attempts to revitalize such "mature" sectors as steel, chemicals, automobiles, shipbuilding and textiles — with one important difference.

Because IRI and ENI are Italian state companies with a combined 1982 turnover of about \$60 billion, or 20 percent of Italy's gross national product, the debate also touches on the most problematic areas of current Italian political life: a series of complex, interconnected scandals; political parties that meddle into personnel and management decisions; the bitter battle between the Christian Democrats and the Socialists within the four-party governing coalition; a slow-moving parliamentary system and an endemic inability to reach a consensus.

In 1982, IRI lost about \$2 billion and ENI about \$1 billion. About 70 percent of IRI's losses were attributable to steel, with sectors such as shipbuilding (Fincantieri) and automobiles (Alfa Romeo) also losing money. Among the many companies owned by IRI are the state airline Alitalia, the radio and television broadcasting company RAI, the telephone company SIP and three of Italy's five largest banks. With more than 500,000 employees, IRI is Europe's largest single employer.

ENI, however, is even bigger, with a turnover 25 percent higher than IRI's, although it employs fewer people (just under 200,000) and contains far fewer separate companies. Its biggest losses came in chemicals (Amic, Enoryl), textiles (Lanerossi), minerals (Samim) and nuclear fuel (Agip Nucleare). The petroleum operations (Agip, Agip Petroli, SNAM, Italgas) did relatively well in some areas and badly

in others. The best performers were the two major engineering divisions (Saipem, Snamprogetti).

In May 1980, Gianni De Michelis, a young Socialist from Venice, became minister for state participation, responsible for overseeing both IRI and ENI. Mr. De Michelis began a re-industrialization program that included massive government investment, cooperation with major Italian privately owned companies, joint ventures with foreign companies, structural reform of the two holding companies and "privatization" of some state holdings.

But Mr. De Michelis immediately faced IRI's and ENI's financial difficulties and was confronted with political problems before his program could be put into effect. Between 1980-82, IRI received 39 percent or \$4.95 billion of \$12.69 billion appropriated, while ENI, with appropriations of \$4.90 billion, received 27 percent, or \$1.31 billion. Nevertheless, the two companies proceeded with investment programs by borrowing — and at high interest rates. By the beginning of 1983, IRI was running a total debt of \$25 billion and ENI \$13.9 billion.

During Mr. De Michelis' tenure so far, the heads of both IRI and ENI already have changed several times, as per politics and personalities. Currently, Romano Prodi, an economist, is chairman of IRI, while Franco Reviglio, a former finance minister, is president of ENI.

According to recent press accounts, which ENI will neither confirm nor deny officially, Mr. Reviglio is preparing a revised five-year 1983-87 company program, scaling down requests for government aid and reducing investments.

At IRI, meanwhile, Mr. Prodi has made blunt statements to union leaders and others about the need for production cuts and worker layoffs in money-losing sectors while channeling money into new technologies such as electronics. Mr. De Michelis, by contrast, wants to continue to invest in the "old" sectors in addition to investing in new ones.

For all his problems, Mr. De Michelis has achieved some success. The most notable examples are in chemicals, where ENI and Montedison have agreed upon a plan to divide production of various chemical products and to reduce ethylene output by 25 percent, and in telecommunications, where Italtel (IRI) has signed a major deal with the American firm GTE and where a second agreement, this time with either ITT or Ericsson, seems imminent.

Mr. De Michelis has frequently said that IRI and ENI will both be breaking even within a few years, a claim doubted by most observers, who say that as Italian government debts mount and the country's economic recovery is slow, the more likely prospect is for increasingly difficult battles over government appropriations.

— ROBERT WAZEKA

### Payment by Cash Remains Rule, but Cards Spreading

ROME — While overstuffed wallets and jangling change purses are rapidly fading memories in much of the industrialized world, in Italy the reign of hard cash is only now beginning to falter.

In 1981, according to a study, there were fewer noncash transactions in Italy than in any other member country of the Organization for Economic Cooperation and Development. A more recent inquiry by an Italian economist comparing Italy and France, countries with similar-sized populations, showed that the French used cash for 22 percent of their purchases and the Italians for at least 50 percent.

That study, prepared by Italy's institute for industrial relations, also revealed that the number of checks issued and the number of checking accounts in Italy were only a third of those in France.

A similar lag exists for credit cards. Although their use in Italy is expanding, it still compares unfavorably with the United States, where plastic money has long ruled, not with the other advanced countries of Europe.

Many stores in Italy give unofficial discounts to customers paying cash. Out-of-town checks often are looked at askance, even by top-drawer establishments. And many of Italy's thousands of small shops or restaurants, as well as some high-class outposts, refuse to take credit cards, presumably because of the 4 to 7 percent commissions that businesses pay to credit card companies.

The attachment of Italian buyers and sellers alike to the coin of the realm reflects a variety of factors — primarily, perhaps, a traditional association of cash with both solvency, past and future, and the esteem of one's neighbors.

"Credit cards frighten me. It would be so easy to lose control of one's spending," said a well-off Milanese lawyer who, despite a mounting crime rate, pockets thick wads of money because "the old system of cash is still the best."

The easy credit Italians often get from their neighborhood merchants, an uneasiness toward the intangible and unfamiliar, and a

lack of dynamism in the marketing policies of the financial and banking sectors all are other reasons for the non-use of credit cards in Italy.

"I guess I should have a credit card," said a 45-year-old television producer who travels frequently in Italy, often finding himself in hotels that do not like to take checks. "But no one's ever really explained to me just what the advantages are."

According to the French-Italian study, the number of checks issued in Italy annually still is quite low — 1.5 million in 1982 — but the use of checks has been growing ever since a few years ago when Italian firms decided to reduce the risk of payroll robberies by paying monthly salaries through an employees' bank.

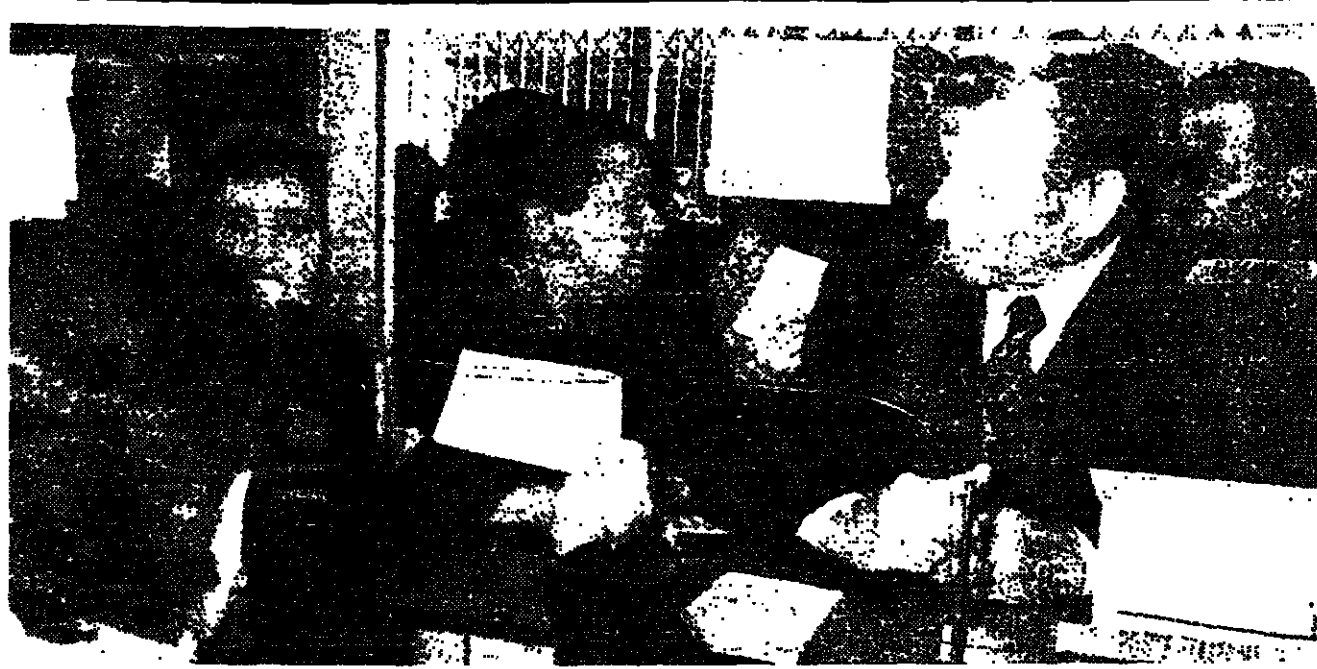
A survey prepared last fall by ABI, the Italian banking association, from a sample of 1,600 middle-income respondents, showed that 88 percent had checking accounts, but only 15 percent of that group wrote six or more checks a month. The majority, 62 percent, wrote fewer than four. The survey also showed that only 6.8 percent had check-cashing cards. And even more significantly, only 4.4 percent had credit cards.

Over the last decade, all the major credit cards — VISA, American Express, Diners Club, Eurocard and the Banci Commerciali's "Carta d'Identita" — have begun operations in Italy, but only recently have there been any real signs of the use of the cards taking off.

"You might say that until yesterday the credit card was basically unknown here," said Alfonso Bellini, assistant central manager of the credit card division of the Bank of America unit that distributes BankAmericard, used within Italy, and VISA for use outside the country.

The BankAmericard was introduced in Italy in 1969, reached 480,000 card holders by 1980 and now, thanks largely to the activity of its 196 associated banks, boasts 1.2 million (followed by American Express with about 150,000, Eurocard with 120,000, Diners with 80,000 and Carta d'Identita with 70,000).

— SARI GILBERT



Pensioners crowd around a Post Office window to pick up their checks.

### Old-Age Pension System: Rising Deficit

By Sari Gilbert

ROME — The complex Italian pension system, swollen by duplication, waste and corruption, is deeply in the red, while a reform proposal continues to languish. The pension system weighs heavily on the Italian budget, whose deficit is currently about \$30 billion.

The 90-year-old Istituto Nazionale della Previdenza Sociale — reported a cash deficit last year of almost \$5 billion. That deficit is expected to grow to \$5.6 billion by the end of this year, despite additional funds allocated under the government's new budget law. INPS President Ruggero Ravenna, meanwhile, estimates that the operating deficit for 1983 will be \$8.8 billion.

Projections indicate that the accumulated deficit of the giant institute — which has been in deficit since 1978 — will reach \$24 billion at the end of this year and could reach \$51 billion at the end of 1985. It is an unattractive outlook for the Italian Treasury which, in the past, will be expected to make up the difference. Asked what the situation could look like by the year 2000, Mr. Ravenna, a former trade union leader, said,

"It's better not to think about it."

Pension and social security systems throughout the Western world are currently in trouble, threatened by the double problem of aging populations and a decline in active contributors that is being aggravated by the current recession. But in Italy, local conditions are pushing the system toward bankruptcy. While everyone recognizes the problems, building a political consensus to deal with them has so far proven impossible in a country where about 16 million pensioners make up more than one-fourth of the population and close to 40 percent of the electorate.

After years of discussions, no action has been taken on proposals to put into the private sector much of the social security system, on a series of draft reform bills that would reorganize the more troublesome sectors like agriculture, or on a union-backed plan to rationalize the system. "All that has been done is to plug the holes with partial and confusing provisions," said Mr. Ravenna, who noted that laws on aspects of the pension system were passed on the average of once every two weeks during 1982.

One major problem is that INPS gradually has acquired a variety of welfare functions over the years that have little to do with its original social security charter. Mr. Ravenna would like to see the institute divested of those welfare functions in the interest of a balanced ledger sheet.

This year, only slightly more than half of the 97.8-trillion lire (\$70-billion) 1983 budget actually will go to pay retirement, disability and minimum "social" pensions to Italy's 800,000 elderly persons without income. The rest is paid out in unemployment benefits, family supplementary-income checks and sickness benefits that include the remnants of a long-standing tuberculosis assistance project.

Another problem is that the Italian social security system is very generous. Since 1970, pension payments have grown three times faster than the gross domestic product. In 1982, a year of zero growth in Italy, total state social security and welfare payments increased to 111.9 trillion lire — almost 25 percent of GDP, against 16 percent two years earlier. Last year, the state paid out 60 trillion lire in pen-

sions, a 60-percent increase since 1980.

According to a recent study by the U.S. Social Security Administration, Italy ranked first among 12 nations in 1980 in the amount of benefits single workers received — 69 percent — in relation to pre-retirement earnings. By comparison, Austria and Sweden were at 68 percent, France at 66 percent, Japan at 54 percent, West Germany at 49 percent, and the United States and the Netherlands at 44 percent.

Currently, the INPS system, which covers most of the private sector, and thus about 75 percent of Italy's retired workers, guarantees those who have worked 40 years a pension equal to 80 percent of pre-retirement salary (presently calculated on the basis of a ceiling of \$14,500) with periodic adjustments to the country's high inflation rate. Civil servants, who include government workers, police and career military officers, can get as much as 94 percent of their salary from the state when they retire. Local government workers can retire at 100 percent of salary after 40 years.

Until recently, the law allowed

(Continued on Following Page)

### Mutual Funds: A Hope For Depth, Liquidity In the Equity Markets

Spread to the HIT

ROME — A longtime wish came true for Italy's equity exchanges when Parliament recently approved a law allowing banks and other financial institutions to create Italian-based mutual funds empowered to operate on the country's securities markets.

Mutual funds are not unknown in Italy, but until the passage March 23 of the mutual funds law, those operating in the country were all foreign-based. Banco di Roma, for instance, one of Italy's major state-owned banks, has managed its Rominvest fund from Luxembourg since 1971, and Luxembourg-based Interfund and Fonditalia have functioned in Italy for years.

But it is widely thought that, if Italian-based funds proliferate, as expected, they will add depth and liquidity to Italy's equity markets. Market participants have been waiting eagerly for Italian-based mutual funds since the funds were first considered two decades ago.

Share prices on Milan's stock exchange advanced strongly during the first quarter on growing expectations that the mutual funds legislation would be passed. Those hopes, helped by buying of major industrial shares, took the Milan general stock index up 30 percent during the first three months of 1983.

Italian brokers and analysts were optimistic that the new funds would buttress what looks like the first sustained rise in Milan stock prices since a major bull market collapsed in mid-1981. But they added that the funds' principal effect was more likely to be felt in the medium term than during the rest of this year.

To begin with, the law requires a three-month waiting period before a fund can be established, after institutions have requested permission from the Treasury Ministry to create one. This effectively eliminates any funds' being opened for business before the beginning of the third quarter.

Secondly, some brokers speculate that most of the banks, insurance firms, and holding companies expected to establish funds have al-

ready bought most of the shares they intend to place in their funds' portfolios.

Several institutions have said they will create at least one fund each, however. Riomone Adriatica di Sicurtà, a major insurance company, has announced that it intends to create a mutual fund called "Gestisim," while the big Cassa di Risparmio delle Provincie Lombarde savings bank has said it intends to establish funds: one to deal in state securities, money market instruments and bonds, and one to operate in the stock and bond markets.

Banca Nazionale del Lavoro, the country's largest bank, is expected to create at least one Italian-based fund, and many other banks and financial holding companies are expected to follow.

But the main beneficial effect of the legislation is expected to be that the funds will tempt new listings onto the stock exchange. Many profitable Italian companies are not listed on the Milan exchange. These include a host of family-owned, small and medium-sized companies, which analysts said they hoped would launch capital increases once the additional market liquidity promised by the funds became available.

This would give market operators a greater number of issues to deal with and deepen the Milan stock market, which presently lists fewer than 200 issues. Brokers said they were almost certain that smaller companies would seek listings, giving the funds, which are required to show a minimum capital of 2 billion lire, wider opportunities to operate. If this does not happen, they acknowledged, the funds will be chasing the same few attractive shares as investors are now.

Market participants said they hoped the funds would increase the number of operators in the stock market. The country's stock exchanges are generally dominated by a few large institutions, notably the major banks and holding companies, and some observers consider the exchanges an insider's market, susceptible to speculative pressures.



## Only one international banking group in the world is supported by every Arab country.

Twelve years ago, the concept was created of a banking group of a kind the world had never seen before.

A group in which every Arab country would participate with a major and significant banking presence.

A group which would then forge partnerships with major banks in the world's financial centres, so as to smooth every possible path to trade between Arab countries and the outside world.

Today, that group is a thriving reality. All twenty-two Arab countries are fully represented through twenty-six Arab institutions. And twenty-three of the world's greatest concerns add their full weight to our common purpose.

This makes the AL UBAF Banking Group unique. It means that any corporation seeking to do business with any part of the Arab world is almost certain to consider us as a business partner. However, there is considerably more to the AL UBAF Banking Group than our undoubted ability to open doors.

The Group's banking activities are unusually diversified, and remarkably successful by any standard.

You would naturally expect us to be strong in the Money Market. We are. In 1982, turnover there alone was \$300 billion.

Perhaps less obvious were our Total Footings which, in 1982, reached \$14 billion. Foreign Trade turnover totalled \$6 billion. And the Group was lead manager co-manager and participated in numerous syndicated loans to the value of \$62 billion.

These, frankly, are performance figures which give the Group the right to be considered as a primary partner in any dealings with the Arab world.

It's business, of course, but to us it goes beyond business.

And as our record shows, it works.

اليوباف  
ALUBAF  
BANKING GROUP

Bahrain ALUBAF Arab International Bank E.C.  
Hong Kong UBAF International Limited.  
London UBAF Bank Limited. UBAF Financial Services Limited.  
Luxembourg UBAF Arab German Bank S.A. Branch in Frankfurt am Main.  
New York UBAF ARAB AMERICAN BANK Branch in Cayman Islands.  
Paris Union de Banques Arabes et Françaises - U.B.A.F.  
Branches in Bahrain, Seoul, Singapore, Tokyo.  
Rome UBAF Arab Italian Bank S.p.A. Representative Office in Milan.

Beirut Representative Office.  
Cairo Representative Office.



## BANKING AND FINANCE IN ITALY

### Continuing Wrangles Put Clouds Over Ambrosiano Bank's Successor

ROME — As lawsuits continue after the collapse of Roberto Calvi's Banco Ambrosiano, once Italy's largest private bank, even some senior officials of the seven banks that created its successor are said to be asking whether Italian authorities would not have been better advised to sell the Ambrosiano empire, despite official optimism about Nuovo Banco Ambrosiano's prospects.

Italian lawyers have begun issuing writs to the Nuovo Banco Ambrosiano on behalf of about 80 foreign banks seeking compensation for about \$250 million that the banks claim was lost through dealings with Ambrosiano's Luxembourg subsidiary, Giovanni Bazzoli, president of Nuovo Banco Ambrosiano, has said that the bank does not consider itself liable.

Another wrangle to be resolved was underlined early this month when a joint commission of Vatican and Italian officials was reported to have flown to Latin America in the investigation into liability of the Istituto per le Opere di Religione (IOR) — the Vatican bank — for up to \$1.2 billion that disappeared from Ambrosiano's Latin American subsidiaries into Panamanian holding companies allegedly under the protection of the IOR.

Further, two smaller London-based banks — Williams & Glyn's and AP Bank — are being sued by Ambrosiano for deposits they received from the Milan parent bank and lent to its foreign subsidiaries.

No wonder there is said to be grumbling in some boardrooms of the seven banks that bought the good will of the old bank for \$50 billion (for up to \$1.2 billion that disappeared from Ambrosiano's Latin American subsidiaries into Panamanian holding companies allegedly under the protection of the IOR).

The new bank has announced that it expects an operating loss of 20 billion to 30 billion lire in its first accounting period, which ends May 31.

But the new Ambrosiano's af-

airs are probably not in as great a state of disarray as its foreign creditor banks would perhaps like it to be believed, and there is no real possibility yet of liquidating the new bank.

Depositors who fled the bank after Mr. Calvi's body was found hanging under a London bridge last June now appear to be returning.

Another positive sign is that reorganization has begun at La Centrale, the holding company that looks after Ambrosiano's interests in Italian business. It has been announced that a consortium led by IFI, the holding company of the Fiat-automotive Agnelli family, is buying a majority stake in Toro Assicurazioni, Italy's eighth-largest insurance company, in which La Centrale held a 56-percent stake.

And Nuovo Banco Ambrosiano announced last month that it had completed proposals for helping the small shareholders of the old Banco Ambrosiano who lost money when it collapsed.

Just under 40,000 small shareholders are thought to have owned about 80 percent of the old Banco Ambrosiano. The rest was owned mainly by obscure companies registered in Liechtenstein, Panama and elsewhere. Mr. Calvi controlled the bank with only a small stake, generally thought to have been 3 to 5 percent.

It remains to be seen whether the Ambrosiano affair has damaged Italy's credit rating abroad.

Some observers have criticized the foreign banks for, as some see it, foolishly continuing to deal with the old Ambrosiano after a highly critical report on it was known to have been compiled by the Bank of Italy, the central bank, in November 1978.

Overseas banks kept on trading with Ambrosiano and its subsidiaries until May 31, when the central bank sent a letter to Mr. Calvi demanding explanation of about \$1.3 billion of foreign exposure in Latin America.

The Ambrosiano board approached the IOR, asking it to honor its obligation under the "letter of comfort" it issued in September 1981, vouching for a dozen or so Panamanian front companies that had borrowed more than \$1.2 billion from three offshore subsidiaries — Banco Ambrosiano Overseas (Nassau), Ambrosiano's affiliate in Managua and Banco Ambrosiano Andino of Lima. The IOR's president, Archbishop Paul C. Marcinkus, refused to repay the Panamanian companies' borrowings.

After Mr. Calvi was found dead — it has yet to be established whether he hanged himself or was killed — the central bank set up the

pool of seven banks to provide Ambrosiano with liquidity. In August, Treasury Minister Beniamino Andreatta ordered the liquidation of Banco Ambrosiano and the bank was declared insolvent by a Milan bankruptcy court.

The demise of Ambrosiano severely curtailed the role of the private sector in Italian banking. Nuovo Banco Ambrosiano is half-owned by state-sector banks, and last fall Aniplo, the big public-sector, Milan-based savings bank, announced that it was buying another leading private-sector bank, Istituto Bancario Italiano, from Carlo Pesenti, a financier who was badly hurt financially in the Ambrosiano debacle.

Of three major private banks, that left only Banca Nazionale dell'Agricoltura still in private control. Critics say the trend to state control means that banks such as Banca Nazionale del Lavoro, whose chief shareholder is the Treasury Ministry, are overly concerned with government policy, to the possible detriment of service for private customers.

More important, perhaps, than the Ambrosiano collapse's having tilted the balance toward greater state intervention, it led the world's banks to seek new ways to protect themselves.

The result was a draft international banking supervisory code, which is expected to replace the Basel Concordat of 1975 and is being written by supervisors of the Group of 10 countries and Switzerland. The Basel Concordat is now the only full-scale, formal agreement on international banking supervision.

The Ambrosiano affair revealed a gap in the concordat concerning the question of which supervisory authority is responsible for the foreign subsidiaries, holding companies or joint ventures of banking groups.

Both the Bank of Italy and the Nuovo Banco Ambrosiano have denied responsibility for the debts of the Luxembourg subsidiary, Banco Ambrosiano Holding, put at more than \$400 million. The central bank has argued that, since only 69 percent of the subsidiary was owned by Banco Ambrosiano, the Italian shareholder was not responsible for the unit's debts and neither, therefore, was the Bank of Italy.

The new code would state clearly that, in matters of solvency, supervision is the responsibility of the central bank regulating the parent bank. In matters of liquidity it is the host country's responsibility.

— JOHN PHILLIPS

### Getting at the Roots of Foreign Debt

A possible reduction in the stock of foreign debt will probably appear as another of the 'miracles' that Italy's economy regularly produces but would postpone structural adjustments. The Italian economy could probably do with one less financial 'miracle.'

By Paolo Savona

ROME — In 1982, Italy ran its third consecutive current-account deficit. To finance it, the public authorities have used only marginally their official reserves, instead raising medium- and long-term foreign loans. As a result, in 1982 foreign indebtedness was larger than the deficit itself, permitting a reduction of the short-term external exposure of domestic banks and an improvement in the term-structure of total foreign debt. However, some concerns on the recent trend in foreign indebtedness persist at the official level.

In a speech in October 1982, the governor of the Bank of Italy, Carlo Ciampi, clearly expressed this concern, and both the former Treasury Minister, Beniamino Andreatta, and the new minister, Giovanni Goria, have done so inside and outside Parliament. The main objective of such warnings has been to dampen the enthusiasm shown by Italian borrowers in bypassing domestic credit constraints and seeking access to international markets for trade and investment financing.

It is well known that the foreign assets held by official au-

thorities and private exporters, plus the stock of gold valued at market price, still exceed the total foreign indebtedness of the country by a couple of billion dollars. The financial accounts with the rest of the world thus show that Italy still maintains a sound position in international markets and creditworthiness.

Yet, it is undeniable that since 1976 the country's foreign debt has more than doubled, from \$25 billion to \$51 billion, even if compared with trade flows, which in the same period nearly tripled, from 7 trillion to 20 trillion lire.

The persistence of a positive net external financial position, and the balance between the flows of trade and of foreign debt should preclude any substantial change in the perceptions by the international financial community regarding Italy's creditworthiness. Rather, the market seems to be concerned with the growing incidence of Italian debt service on total receipts from exports.

The governor of the Bank of Italy sought to express this uneasiness when he stated that, "in the long run, the recourse to foreign indebtedness, not unlike a normal case of a domestic firm, is just-

fied by the rate of return of the investment to be financed and/or by the capacity of the country to expand its net flows of exports."

Italian authorities have done more than merely lay down guidelines on foreign indebtedness. In 1981, they imposed a tighter coordination and control on borrowing in international markets of public bodies, state-owned firms and special credit institutions, and began close supervision of private-sector borrowing. The director-general of the Treasury, Mario Sarcinelli, has asked for a further tightening.

Moreover, as stated explicitly in the last annual report of the Bank of Italy, the monetary authorities are following a policy of lengthening the maturity of foreign debt and widening the component that comes at subsidized or floating rates. This policy was successfully implemented in 1982 and the share of medium- and long-term debt went up from 68 to about 80 percent of the total, while the overall cost of foreign indebtedness — according to provisional estimates — declined by 10 to 15 percent.

This policy has improved the long-term outlook for the balance

of payments, which remains the main concern of the monetary authorities. Italian foreign borrowing is likely to continue along a narrowly defined path, strictly controlled by the monetary authorities and directed, as indicated by Mr. Ciampi, toward "the financing of balance of payments needs and to the pegging of the lira."

After the recent realignment of the European Monetary System, the Italian balance-of-payments situation should further improve.

The final version of the 1983 budget approved by the Chamber of Deputies forecasts less recourse to foreign borrowing by Treasury than in 1982. It is likely that the foreign borrowing of private firms will also be reduced.

Because of these trends and the renewed interest of foreign investors in the Italian stock market — probably a factor behind the recent rapid recovery of the external balance — the possibility of an early reimbursement of part of Italy's foreign debt or, alternatively, an increase in official reserves with a stronger than expected lira, cannot be excluded.

Yet, given the conditions of the public budget, the problems faced



Professor Savona, writing on Italy and its foreign indebtedness dilemma, is chairman of the Advisory Council on Economic Planning and president of the Banco di Credito Industriale Sardo di Cagliari, Sardinia.

by Italian industry and the spread between domestic and foreign inflation, a possible reduction in the stock of foreign debt will probably appear as another of the "miracles" that Italy's economy regularly produces. Such a turn of events would further confuse expectations and behavior, and postpone necessary structural adjustments. The Italian economy could probably do with one less financial "miracle."

### Indebtedness Abroad: Controlling Euromarket Borrowing

Special to the IHT

ROME — An informal plan that requires Italy's big state enterprises to coordinate their borrowing on the Euromarkets is helping Italian monetary authorities keep a closer watch on foreign debt expansion.

The system was established two years ago by the Treasury Ministry and the Bank of Italy to stop big state corporations such as Ferrovie dello Stato, the state railways, and ENEL, the electricity utility, from entering the Euromarkets simultaneously and crowding each other out.

The monetary authorities decided to step in when it became increasingly evident that an uncoordinated approach to the credit markets by the state corporations was jeopardizing their ability to raise loans.

State borrowers now have to consult with the central bank and the Treasury before they can look for syndicated loans worth \$50 mil-

lion or more. The timing and conditions of loans are also scrutinized. Previously, borrowers went to the Treasury only for final approval after the details of syndicated credits had been all but completed.

Gross borrowing on the Euromarkets by the state companies has fallen steadily over the past two years, and Bank of Italy officials say the system of coordination has played a role in achieving this decline.

Gross borrowing in 1981 was nearly \$9 billion; in 1982 it fell to less than \$7 billion. This year Bank of Italy officials expect it to be less than \$5 billion while net borrowing will be practically nil.

International bankers have welcomed the introduction of the system. "The situation before it was established was getting very messy," said the general manager of a major U.S. bank based in Milan. "There used to be times when up to

three Italian borrowers would be in the market at the same time practically stampeding each other."

IRI, the giant state holding company, would muscle into the market looking for \$500 million only three days after another state corporation had announced it was in the market for a loan. The net result of all this was that the Italian state borrowers simply made things unnecessarily difficult for each other. The effect wasn't so much on the spreads as on the actual feasibility of the loans.

In 1980 an international banking conference in London, attended by

Mario Sarcinelli, then deputy governor of the Bank of Italy, helped bring matters to a head.

Mr. Sarcinelli, now director-general of the Treasury, was told by international bankers that they were increasingly concerned by the disruptive effects on the market of uncoordinated borrowing by the Italian state corporations, and he decided that something had to be done.

The system was set up after an exchange of letters between Beniamino Andreatta, then Treasury minister, and Carlo Ciampi, governor of the Bank of Italy. Mr. Sarcinelli was entrusted with its supervision.

The Bank of Italy plays a key advisory role in the system although final responsibility for authorizing state borrowers to raise loans rests with the Treasury. Mr. Sarcinelli still nominally in charge, but most of the day-to-day administration in the hands of Bank of Italy officials.

The officials emphasize that the system is informal and that despite some initial hesitation the state borrowers have given their full cooperation.

### Pension System: An Ever-Rising Deficit

(Continued from Preceding Page)

state employees to retire early — men after 20 years, including university and military service, and women after 15 years, including university time — and then to take other jobs. The law was changed after public attention was focused on the so-called "baby pensions scandal" by the case of a 30-year-old woman who was getting retirement pay.

The result of all this has been looming financial collapse, a prospect for which there appears to be no easy solution. Reducing the current level of benefits would be a difficult task politically. Increasing contributions — now coming from employers and employees at a 2-to-1 ratio — also seems impossible since social security payments already account for more than 24 percent of Italian labor costs.

But with more than 5 million of INPS' 13 million pensions now

going to workers categorized as disabled — at a cost of 18 trillion lire, or 4 percent of GDP, a year — union leaders are at least convinced that there is room for considerable savings without cutting legitimate benefits. In some areas of Italy today, as much as 22 percent of the population has been classified as invalid, or disabled, because of a combination of factors ranging from political favors and outright corruption to a badly worded and broadly interpreted law.

Most of those classified as disabled are older than 50. The Labor Ministry, however, recently ordered a stringent check of all those under 50 receiving pensions of this kind. A draft bill revising the disability classification has been stalled in parliament for almost four years.

Union experts, like Giancarlo Sestini of the Union of Italian Workers, believe that a significant

rationalization of the system could come about with a campaign against waste, a program discouraging early retirement at the creation of part-time work for older people who are not anxious to retire. The experts also say it is important to improve fiscal methods to determine exactly who Italy's real poor are in hopes of possibly reducing the "social" pension.

Last month's 1983 budget law made some attempt to cut pension costs by limiting payments to people with incomes below a certain level. But, according to Mr. Ravenna, it is essential that there be thorough organizational reform that would divert INPS of its various pension funds into autonomous bookkeeping systems. "C paper all parties agree," the INPS president said, "but when you get right down to it, there is so far been little inclination to act."

# Not even Leonardo could hope to interest 1,351,000 Italian decision-makers with his works.



## You can by ringing Basel 226575.\*

By doing so you will discover that if Mondo, the highest selling Italian economic weekly has a readership of 287,000. Moreover, a readership which is 85% male with 70% in the 25/54 age group and a highly professional profile (87% ABC - 67% high school and university graduates - 78% managers, businessmen and professional people).

You will also learn that Europeo is one of the foremost political, topical and cultural weeklies with a readership of 1,064,000 of which 71% is male, mainly in the 25/54 age group (62%), ABC class (83%), and high school and university graduates (50%).

Lastly, by calling this number you will have at your disposal a staff of knowledgeable consultants highly experienced in the Italian market, and able to offer you a complete marketing information and media planning service, to help you solve your communication problems in Italy.

Other sole representatives in the world:

Paris tel. 5006608 - Hamburg tel. 5110031 - London tel. 3857723 - Lausanne tel. 207151 - Zürich tel. 2578111 - Bruxelles tel. 6499775 - Wien tel. 757684 - New York tel. 6846001 - Athens tel. 6929607 - Amsterdam tel. 178795 - São Paulo tel. 8534842 - Barcelona tel. 2050012 - Toronto tel. 3642269 - Stockholm tel. 135000 - Porto tel. 29992 - Tokyo tel. 4454375 - Johannesburg tel. 8365978 - Sydney tel. 9222677.

**R GRUPPO RIZZOLI-CORRIERE DELLA SERA**

\* PUBBLICITAS AG - KIRCHGARTENSTRASSE 14 - 4010 BASEL

## to develop your business with good prospects look for a leader



## industrial financing

ISTITUTO MOBILIARE ITALIANO - Public Law Credit Institute

Head Office in Rome (Italy) - Representative Offices in:  
LONDON EC 4R OBE, 8 Laurence Pountney Hill - ZÜRICH 8022, Glarischstrasse 30, Postfach  
BRUXELLES 1040, 5 Square de Meets, BTE 1 - WASHINGTON 20036 D.C., 21 Dupont Circle  
The Euram Building - MEXICO CITY 06500 D.F. Paseo de la Reforma, 195 - Despacho 1301.  
PARTICIPANTS' EQUITY AND ALLOWANCES: 1640 billion Lire  
Paid-up capital: 500 billion Lire - Legal reserves: 383.4 billion Lire  
Various allowances: 756.8 billion Lire  
The Meeting of Stockholders held on April 20, 1982, decided to increase IMI's capital stock to 4,000 billion Lire.



# Herald Tribune BUSINESS/FINANCE

Statistics Index

AMEX Prices P. 17  
NYSE Prices P. 8  
Commodity Prices P. 12  
Currency Rates P. 13  
Dividends P. 16  
Earnings Reports P. 8  
Bond Prices P. 17  
Gold Markets P. 13  
Highs & Lows P. 14  
Interest Rates P. 11  
Market Summary P. 8  
OTC Stocks P. 17  
Other Markets P. 18

Page 13

TUESDAY, APRIL 26, 1983

## COMMODITIES

By GEOFFREY CORNFORD

### Small Turnover Removes Luster From London Gold Futures Mart

LONDON — The London Gold Futures Market opened a year ago amid predictions of glittering success, but the subsequent 12 months have rubbed off some of the shine.

Dealers said that turnover has been disappointing and that the market's board was likely in the coming months to consider ideas to boost volume.

The futures market, which gives traders the chance to hedge against price changes and allows speculators to make or lose fortunes by betting against the gold price six months ahead, was intended to fill the gap between markets in the United States and those in the Far East.

London is already one of the world's great physical (spot) gold markets on a typical day 25 metric tons (27.5 tons) of the metal is traded in 400-ounce lots. The London "fix" — the twice-daily reference price for gold — is accepted and used worldwide.

So a move into the futures business seemed a logical move. But hopes of a daily turnover of 1,000 lots, quickly rising to 2,500, were dashed when an average of more than 500 lots a day were traded during the first six months.

### The London market was dogged by its board's controversial decision to quote prices in sterling.

By contrast, futures trading on the New York Commodity Exchange averaged between 35,000 and 40,000 lots a day and can double that when business is heavy. But dealers in London said that New York had a minimal physical market and thus was not strictly comparable with London.

Most of London's business was physical, they added, and the new futures market was intended to increase overall volume by attracting new business, especially from the Middle East.

But the dealers said London's five big bullion houses saw little point in the futures market if it was simply going to take away a slice of the physical market they already dominated.

"It will certainly grow, but it will take some time," said one dealer. "This is an innovation in a very conservative business."

The London Gold Futures Market is made up of 38 floor members drawn mainly from the bullion houses, the London Metal Exchange, and a dozen or so associates.

Trading, conducted across a ring in Plantation House, in the financial center of London, is by "open outcry," which means just what it says.

### Noisy Revolution for Bullion Houses

In New York, where rich investors sometimes buy a seat on the floor and make a career out of gold speculation, this is nothing new. For the London bullion houses, used to quiet telephone calls and private telexes, it has come as a revolution.

"You can't believe how discreet these people are," one analyst said. "Some of them don't even have a brass plate on the door. They believe that who they need to know where to find them."

Among its teething troubles, the London market was dogged by its board's decision to quote prices in sterling. Intended to take advantage of an unoccupied niche, in practice it merely discouraged foreign investors who were reluctant to deal with the fluctuating British currency.

Under almost unanimous pressure from rank and file membership, the board changed last Oct. 19 to U.S. dollars.

This boosted daily average volume to more than 1,100 lots, although since late March volume has fallen to just above 900 lots, the result mainly of a decline in speculative demand as the price of gold fell from more than \$500 an ounce, dealers said.

To increase the market's appeal, the board has considered an earlier start than the current 9:30 a.m., but most members oppose the idea, dealers said.

Some dealers still believe volume can be raised by an earlier opening to overlap with both the Far East and the London bullion market, while others say the futures market should extend its afternoon hours to increase the overlap with New York.

### Silver and Platinum

Contracts currently run for the spot month plus six successive months, and the board might consider extending the market to nine or 12 months ahead or even more to attract more business, some dealers said.

Others have suggested the board could consider futures trading in other precious metals such as silver and platinum. And some dealers said there could be changes in the current market membership if volume did not improve.

Two London Metal Exchange companies have so far sold their ring seats at prices believed to be more than the original cost of \$55,000 (\$85,000) to make room for companies likely to bring in more business.

Several firms well-placed to channel business through the London futures market are believed to be interested in joining, but there has been no change in seat ownership for some months.

But despite the market's slow start, the new board chairman, Ronald Gee, said he was confident over the future. Traders have cautioned against prematurely writing off the market.

"At \$440 an ounce, this market is trading around \$40 million worth of gold on average days," Mr. Gee said. "And for a new market after only one year that is a colossal amount of money."

Reuters

## CURRENCY RATES

Interbank exchange rates for April 25, excluding bank service charges.

	U.S.	£	DM	FF	Y	Sc	Sw	N	DK	Fin
American	2.00	1.63	3.36	6.55	20.36	136.76	13.76	4.84	5.94	5.94
British	0.61	1.00	2.36	3.76	12.48	80.91	7.91	2.71	3.71	3.71
French	0.15	0.25	1.00	1.66	5.48	35.36	3.54	1.24	1.74	1.74
German	0.30	0.50	2.72	4.36	14.08	90.91	8.91	3.01	4.01	4.01
Japanese	163.26	100.00	360.71	100.00	360.71	100.00	360.71	100.00	360.71	100.00
Swedish	0.14	0.23	1.19	1.93	6.25	40.36	4.04	1.40	1.90	1.90
Swiss	0.75	1.20	6.00	9.75	31.76	200.00	20.00	7.00	9.50	9.50
U.S. dollar	1.00	0.63	3.36	6.55	20.36	136.76	13.76	4.84	5.94	5.94

### Dollar Values

	U.S.	£	DM	FF	Y	Sc	Sw	N	DK	Fin
American	1.00	0.61	3.36	6.55	20.36	136.76	13.76	4.84	5.94	5.94
British	0.61	1.00	2.36	3.76	12.48	80.91	7.91	2.71	3.71	3.71
French	0.15	0.25	1.00	1.66	5.48	35.36	3.54	1.24	1.74	1.74
German	0.30	0.50	2.72	4.36	14.08	90.91	8.91	3.01	4.01	4.01
Japanese	163.26	100.00	360.71	100.00	360.71	100.00	360.71	100.00	360.71	100.00
Swedish	0.14	0.23	1.19	1.93	6.25	40.36	4.04	1.40	1.90	1.90
Swiss	0.75	1.20	6.00	9.75	31.76	200.00	20.00	7.00	9.50	9.50
U.S. dollar	1.00	0.63	3.36	6.55	20.36	136.76	13.76	4.84	5.94	5.94

## INTEREST RATES

	U.S.	£	DM	FF	Y	Sc	Sw	N	DK	Fin
1-month	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
3-month	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
6-month	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1-year	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

### Key Money Rates

	U.S.	£	DM	FF	Y	Sc	Sw	N	DK	Fin
1-month	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
3-month	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
6-month	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1-year	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

## Philips Questions VTR Move

By Axel Krause

International Herald Tribune

PARIS — Executives at Philips, the big Dutch electronics company, Monday questioned the competitiveness of the alliance between France's state-owned Thomson-Brandt and Japan's Victor Co. to make videotape recorders.

Philips viewed the French move as a blow to European Community efforts for technological cooperation among companies in the EC. "The worst thing that can happen in Europe is that Europe should lose the opportunity to contribute its own technology" in meeting Japanese competition in consumer electronics, a Philips statement said.

"This agreement certainly does not help that process," said Philips.

"The success of this operation will depend on their costs and it remains to be seen whether Thomson and JVC can hold their own in the market," said a senior Philips executive by telephone from company headquarters in Eindhoven.

"It looks like a screwdriver factory based purely on Japanese technology linked to high European costs," he said. But he added quickly that "I cannot say we are happy with the news."

In Paris, a Thomson executive, explaining details of the agreement, which was formally announced Monday, said that the pact would allow France to enter recorder manufacturing under license to JVC in a plan under which European content would eventually reach 75 percent of the production's total value.

The plan would also provide jobs and ease France's chronic trade deficit at relatively low cost, he said.

This project will enable us to urge our customers to buy French and we will now be able to justify that approach," the Thomson executive said. He noted that Thomson currently imports JVC recorders, which it markets under the Thomson label.

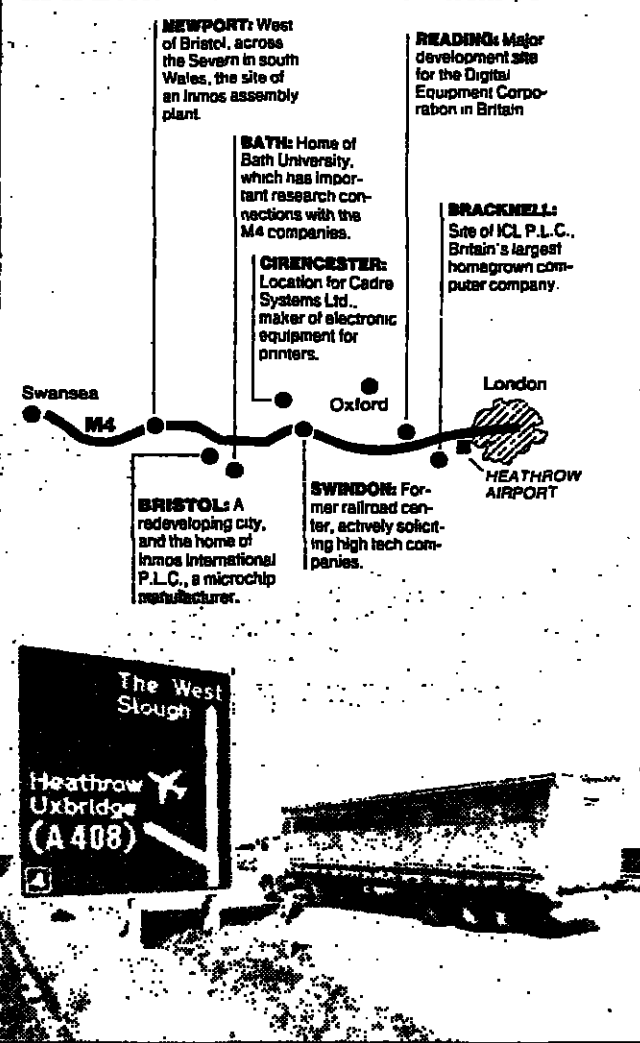
Thomson also represents more than half of JVC's total exports to Western Europe; the Japanese company currently accounts for more than 60 percent of the total European market for VTRs. Merrill Lynch, the New York-based investment company, recently estimated that the market's value would rise to \$3.3 billion in 1985 from \$1.1 billion in 1980.

Currently, Sony's Betamax system and Philips' V-2000 system each account for about 20 percent of the European market, industry sources said.

The Thomson-JVC agreement will not change these shares immediately, Thomson and Philips executives said. "The importance of this deal is that it shifts recorder

(Continued on Page 15, Col. 1)

## M4: Britain's Road to the Future?



A portion of the M4 roadway, near Heathrow Airport.

## Britain Counts on M4 As a Road to Future

By Barnaby J. Feder

New York Times Service

LONDON — Planes swooping into Heathrow International Airport on the western outskirts of this city almost always land on a huge east-west runway north of the main terminal. One of the last things that passengers see before landing — if the weather permits them to see anything at all — is a six-lane expressway also running east-west, the M4.

It is no accident that Britain's major doorway to the world opens directly onto the highway corridor that is the British economy's most visible lifeline to the future. Stretching from London through to Bristol and then hopping over the Severn Bridge into South Wales, M4 has become home to a wide range of technology-based companies that Britain is counting on as a major source for the innovations that may keep the nation competitive.

The quick access to Heathrow — and the world beyond — that M4 provides has attracted many of the new companies. Britain, more than any other European nation, depends on its export trade. High-technology companies in particular must sell abroad to survive.

"England is too small a market for any high-technology product," said Dick Selwood, spokesman for Immos International, a Bristol-based microchip maker. "To compete, you have to get out and, usually, you have to get out through Heathrow."

The crucial role of the international airport is one way that the M4 corridor can be distinguished from Silicon Valley in California or the Route 128 around Boston, technology-based regions that have become everyday names to many Americans. And, for the most part, M4's development is more diffuse than its U.S. counterparts. Moreover, in terms of technological influence and raw economic power, the M4 corridor

(Continued on Page 17, Col. 5)

## N.Y. Stock Prices Slide Despite Prime Rate Cut

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange were broadly lower Monday despite some good economic news, including a cut in the prime rate by one U.S. bank.

The Dow Jones industrial average closed down 9.09 to 1,187.01 after opening stronger and hovering just above the 1,200 level most of the morning. Declines led advances by about 5-3 among NYSE issues traded, while volume was 90.2 million shares, down from Friday's 92.2 million.

For the last two weeks, the Dow averages have surged almost every day into record territory, and analysts said that they were not surprised to see some profit-taking. "Once you've had a lot of good news, you'll be vulnerable for a pull-back," said Alfred Goldman, market analyst for St. Louis-based A.G. Edwards & Sons.

Others said that with last Friday's report of a sharp drop in the U.S. money supply and some positive earnings reports Monday, they had not expected the profit-taking to occur.

"The market was looking for an excuse to go off," said John Smith of Fafine Stock & Co.

"The downturn began right after IBM Chairman John Opel told the annual meeting that the world economic climate remains uncertain. In addition there was no stock split voted at the IBM directors' meeting but only a dividend increase," he said.

Several market indicators, including the Dow, Standard & Poor's 500-stock index and the American Stock Exchange's market value index, are weighted by market capitalization. Therefore, price changes in large-capitalization issues — and IBM is a notable example — cause relatively larger swings in the indicators than do stocks with fewer shares outstanding.

IBM closed off 2 3/4 Monday, to 114 1/4. Most investment analysts remain bullish, however, even if they are hesitant to be specific.

In an interview last week, Peter H. Vermilye, chief investment officer of Citibank, avoided gazing directly into a crystal ball. "However," he said, "my best guess is that if (the market) will be higher than now at year-end."

As the market's response to the report of a sharp drop in the U.S. money supply and some positive earnings reports Monday, they had not expected the profit-taking to occur.

He added: "Institutions are still

## IBM Lifts Payout 9 Cents a Share

The Associated Press

NEW YORK — International Business Machines Monday raised its quarterly dividend to 95 cents a share from 86 cents, the first increase in IBM's payout since the first quarter of 1979.

The increase, which was expected by Wall Street analysts, is payable June 10 to shareholders of record May 11, IBM said.

On April 14, IBM said first-quarter profit climbed 24 percent from a year earlier to \$976 million, or \$1.63 a share, while revenue rose 17 percent to \$8.29 billion.

under-invested in stocks, and so is the public."

The small Southwest Bank of St. Louis Monday lowered its prime lending rate to 10 percent from the prevailing 10 1/2 percent level.

The St. Louis bank, which often takes the lead in industry-wide cuts in the rate, acted after the Federal

Reserve late Friday had reported the nation's basic money supply had dropped \$3.1 billion in the latest statistical week. The Fed's report indicated the money supply is leveling off after rising sharply the previous couple of months.

Bond prices were unable to maintain the advance that began Friday after the money supply report, and Treasury bonds maturities fell about 14 points.

American Motors was active after nearly 2.7 million shares were exchanged. The company said it knew of no reason for the active trading of its stock in advance of the company's reporting its first quarter results.

Late in the day AMC said it lost \$66.1 million in the first quarter, compared with a loss of \$5.1 million in the first quarter of 1982. It said its sales this year were \$782 million, up sharply from the \$600.2 million of the year-earlier period.

AMC said it was expecting a larger first half loss this year than last, but that the second half would be better and would allow the company to report better full-year results.

## Merrill Lynch Profit Soars on Bull Market

Compiled by Our Staff From Dispatches

NEW YORK — Merrill Lynch & Co. reported Monday that first quarter earnings more than quadrupled to \$127 million, or \$3.07 a share, from \$30 million, or 76 cents a share, a year earlier. The company cited record stock-market volume.

Merrill Lynch, owner of the largest U.S. brokerage house, Merrill Lynch, Pierce, Fenner & Smith, said revenue rose 39 percent to \$1.4 billion from \$1 billion in the first quarter of 1982.

Per-share earnings do not reflect a two-for-one stock split declared Sunday, payable June 27 to stockholders of record June 1.

The company also announced an 11 percent increase in its quarterly dividend, to 40 cents a share, from 36 cents in the past two quarters and 32 cents a year ago. The dividend will be paid May 25 to stockholders of record May 1.

The earnings not only reflected the strong stock market but a broad-based strength generated by the company's diverse services, Roger E. Birck, chairman, and William A. Schreyer, president, said. "It's also significant," they said, "that our real estate activities, which operated at a loss in the year-ago quarter, are now in the black for the third quarter in a row."

Merrill Lynch said commission

revenue for the quarter totaled \$411 million, up 93 percent from the first quarter of 1982.

Merrill Lynch also said that it was calling its outstanding 9 1/4 percent convertible subordinated debentures for redemption.

The debentures are convertible into Merrill Lynch common stock at \$40 a share (presplit stock). The stock is currently selling for more than twice that amount.

Debt holders have until May 25 to convert. But they must complete conversion for common stock no later than May 5 to become eligible to receive the quarterly dividend payable May 25.

## ARGENTINE REPUBLIC EXTERNAL U.S. \$ BONDS THE WESTON GROUP

Enquiries to:  
CE-1003 LAUSANNE  
2 Rue de la Paix  
Tel.: 25869.  
Tel.: 021/20 17 41.

## Bonn Delays Start of Videotex System

By John Tagliabue

New York Times Service

BONN — West Germany's ambitious plan to start a nationwide videotex system, called Bildschirmtext, will be delayed because International Business Machines could not meet a deadline to get the system's central computers into operation.

The start of the system, originally scheduled to coincide with a major electronics trade show in West Berlin this September, will be postponed at least a half-year, according to the Postal Ministry. It said IBM's West German unit had asked for more time to test a series of 12 central computers and their programming.

Videotex is an electronic communications system now in use in several countries. By way of telephone lines, it transmits information from central data banks to commercial and private users, who then display it on a television screen.

The delay in starting the system has been linked by analysts to the complexities of the software package, the programming that runs the computers.

The software package was described as "virgin territory" by one analyst based in Frankfurt. "They usually fly in specialists from

America when there are problems," he said. "This time, they're on their own."

The delay has angered some of the 1,500 organizations, such as banks and mail-order houses, that expect to use the system to expand sales of products and services. But suppliers of peripheral equipment — such as decoders to adapt home color-television sets to videotex — have expressed relief because they are experiencing their own delays.

Some industry analysts believe the delay could be longer. Recently, an industry publication, *Byte*, reported that IBM had paid a \$1.5-million nonperformance penalty for the delay. Spokesmen for IBM and the Postal Ministry refused to comment on contractual details.

IBM's West German unit, the company's largest overseas subsidiary, started the computer trade in November 1981 by beating out a strong field of international competitors for a \$22.5 million contract to develop and install the system's initial phase.

West Germany now operates two videotex pilot programs, in Düsseldorf and West Berlin. The Postal Ministry foresees expansion throughout the country by 1984 or

1985. The pilot program used a modified version of the British Prestel system, with computers supplied by General Electric of Britain and programming developed by British postal authorities, who run the Prestel system.

Despite enthusiastic predictions about the number of users Prestel would attract in Britain, the British system has stagnated at about 20,000 subscribers, many of them commercial or industrial, and it has cut services over the years.

West German officials diagnosed Prestel's weakness as its inability to go beyond the system's own data banks to link users with computers of companies offering services through the system, such as stores, banks or mail-order houses.

The IBM proposal that won the contract is described by analysts as a highly sophisticated hierarchical system, involving an IBM 3081 central computer, linked with smaller decentralized computers in 11 different cities, that will offer users a much wider range of services than Prestel, and at a faster speed.

Thus, a user who unsuccessfully seeks seldom-needed information in a regional data bank will be au-

tomatically shunted to the system's large central computer or private data banks of companies offering products or services.

Analysts say the hierarchical structure minimizes telephone charges and offers a wider range of information.

## U.S. \$100,000,000

National Westminster Finance B.V.

(Incorporated in The Netherlands with limited liability)

Guaranteed Floating Rate Capital Notes 1992

Convertible until 1986 into 10 per cent. Guaranteed Capital Bonds 1992



As of date: April 25, 1983.

FINANCIAL PLANNING SERVICES BV  
Kruisstraat 112, 3rd Floor  
1012 PK AMSTERDAM, Holland.  
Phone: (0) 20-50477/259/3. Telex: 18336

Gold Options (prices in \$/oz.)

Month	Mar	Apr	May	Jun
100	125.10	125.10	125.10	125.10
200	125.10	1		



## Monday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

## Private Lenders to

# Allis-Chalmers Corporation

and

# Allis-Chalmers Credit Corporation

have Amended Loan Agreements,  
Deferred Principal Maturities on Long-Term Debt to March 15, 1985  
and Arranged Additional Credit Facilities.

*The undersigned acted as financial advisor to  
Allis-Chalmers Corporation and Allis-Chalmers Credit Corporation.*

**LAZARD FRÈRES & Co.**

April 21, 1983

# Allis-Chalmers Credit Corporation

**\$100,000,000**

### Accounts Receivable Facility

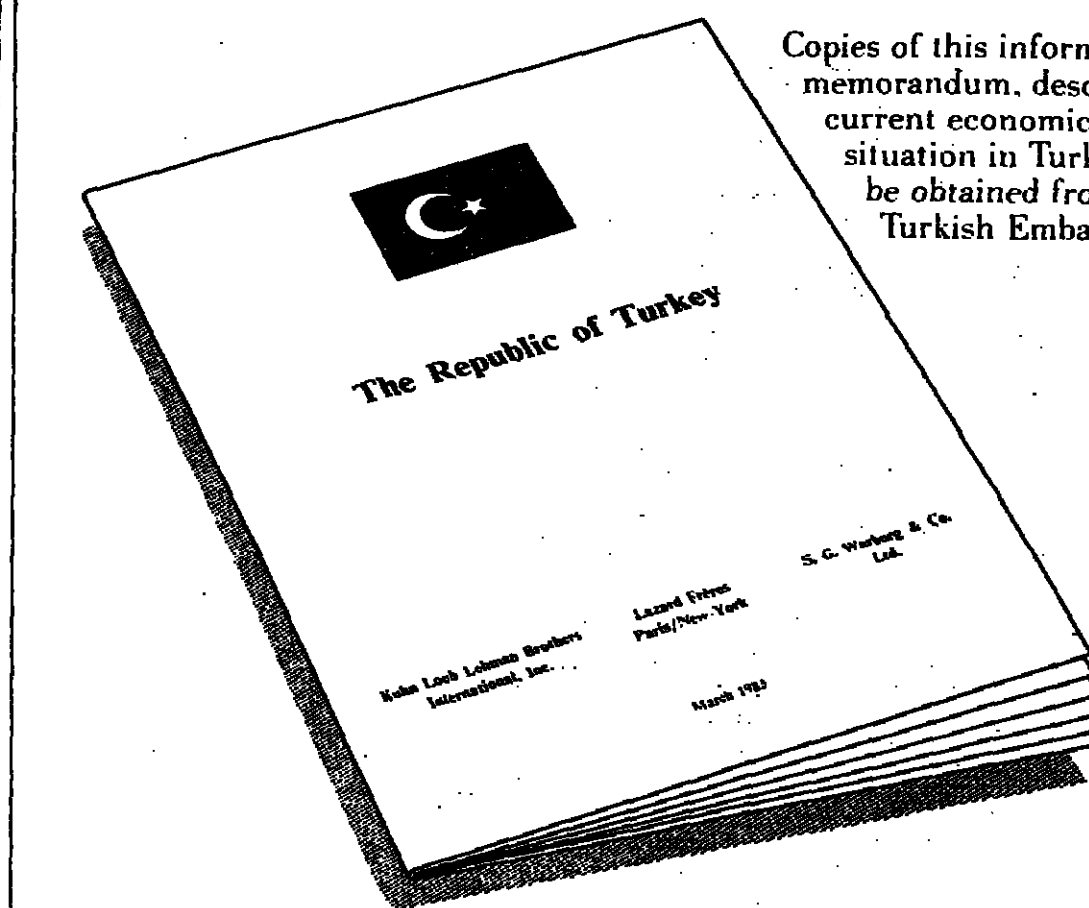
provided by

# General Electric Credit Corporation

*The undersigned acted as financial advisor to  
Allis-Chalmers Credit Corporation.*

**LAZARD FRÈRES & Co.**

April 21, 1983



Copies of this information memorandum, describing the current economic-financial situation in Turkey, may be obtained from the Turkish Embassy.

If client  
call you  
of a  
how  
business























## ART BUCHWALD

## The Robot Economy

WASHINGTON — Widget was very excited and told me to come over to his sneaker factory right away. "I just hired my first robot system, and I want you to see it."

The gate to the factory was closed, but when I drove up to it a voice, almost human, said, "Can I help you?"

"I'm here to see Mr. Widget," I said.

"I'll give you a name," he said. "In 10 seconds the voice responded. 'You may drive to the main building and park in visitor's slot number two.'"

Widget was waiting at the door, all smiles. He put a plastic card into a slot, a door opened, and we walked into his factory. There wasn't a human being in sight, but sneakers were flying off the assembly line and being stuffed into boxes.

"It's pretty noisy," I said.

"Doesn't bother the robots," Widget yelled. "They don't know the difference between machine noise and music."

We went up some stairs to a glass-enclosed booth.

When Widget shut the door he said, "I want you to meet my Master Robot, Turnbill. He is programmed to program the robots on the floor."

Turnbill gave me a steady look and reluctantly put out his arm which I shook.

"How many sneakers did we make today, Turnbill?" Widget asked.

Turnbill's lights blinked, and a deep voice said, "12,890."

Widget rubbed his hands. "I used to make that many in a week. And I had to pay overtime for three shifts. Now I can manufacture the same number in a day, and I don't even have to worry about the robots taking coffee breaks. No Social Security, no health care payments, no pensions," Widget said, patting Turnbill's back. "And every one of my robots is tax-deductible, which is more than I could say for my ex-workers."

Turnbill started spitting out a

readout. "Glitch on shoelace hole maker, third robot malfunctioning on line one."

Widget said, "It would have taken me a month to find out who was screwing up my shoelace holes if I had a human being on the line. Now I know in matter of seconds."

"What will you do?"

"We'll dump him, and replace him with a robot who can do the job. The sneaker union would never allow me to fire anybody, no matter how bad the person was screwing up my shoes. Nice work, Turnbill. I'm going to make you a vice president."

"Thank you, sir," Turnbill's voice synthesized said. "Any decision on an assistant microprocessor to help me in packaging?"

"I'm taking it up with the board next week, Turnbill. As I told you, the board has ordered me to put a freeze on buying new microprocessors."

"Why is that?" I asked.

"We're making more sneakers than we ever made before. But we can't seem to sell them."

"Maybe the reason is that robots don't wear sneakers."

"What does that mean?"

"Well, you've laid off your workers and now they don't have money to buy sneakers."

"There are lots of workers in other factories that need sneakers."

"Yes, but they're being replaced by robots as well. Robots are great for what they do, but they're lousy consumers."

Widget looked over at Turnbill nervously. "Don't talk so loud," he whispered to me.

"I don't care," I said. "This country's success was based on the fact that the people who made our products could afford to buy them. You've replaced your workers with robots and you're saving a fortune in salaries, but you're now up to your ears in sneakers."

"But if I don't have robots making my sneakers, I can't afford to compete with the sneakers that are being imported from abroad."

Widget said tearfully. "What should I do?"

"Why don't you ask Turnbill?"

Widget hit several buttons on Turnbill's head.

Turnbill blinked several times and then said, "I'm sorry, I'm in production — not sales."

## Royal Birth in Jordan

AMMAN, Jordan — Queen Noor, King Hussein's wife, gave birth Sunday to a girl, who was named Iman, the royal palace announced.

## James Earl Jones

At 52, He Is Happy With a New Son  
And His Role in Fugard Play

By Megan Rosenfeld

WASHINGTON — James Earl Jones doesn't just speak. Sonorous and deep, his voice resonates, a foghorn in the midst of punier tones. Imagine him as a small boy in Arkansas, Mississippi, talking to the mules in a voice that could have come from the mouth of Moses.

"My father, who also has this voice, said it was because we were farm kids who were never told to hush up because the neighbors might hear us. Calling animals and so forth you stretch your voice."

He was in the same dressing room at the Warner Theatre that he shared last year with Christopher Plummer when they were in "Othello." That was not a happy time. Jones was having a serious disagreement with his then-director, Peter Coe, who he felt had made "a mess" of the play.

This year he is smiling. He is passionate about the play he is touring in, "Master Harold" . . . and the boys. He has also become a father for the first time, at age 52. His wife, the actress Cecilia Hart, and 4-month-old Flynn Earl ("not to be confused with Errol") had joined him here, and his joy was boundless.

In a career spanning more than 25 years, Jones has proved to be not only an extraordinary actor, but one without a pigeonhole. He began in the avant-garde of the 1950s, made his name with "The Great White Hope," and solidified his reputation with Shakespeare and arresting new plays that have not always been commercial or critical hits.

But whether as King Lear or the voice of Darth Vader, he is a presence to be reckoned with. He has a large, round face, eyes masked with wire-rimmed glasses, and a modest, gently curving, vest-covered paunch that adds to his solidity. When he smiles, his whole face smiles; when he frowns, the thunder of Hades sounds in the distance. He is moody, gentle, difficult, generous — an artist who keeps on trying. He did not really have The

Voice as a child, he said, because he didn't do much talking. He had a terrible stutter. The other kids laughed at him when he was forced to read from the Bible in church. "You couldn't tell what kind of voice I had," he said. "When I got it back together again, when I gained the power of speech, I did have one high school professor who said I had an interesting voice that I should do something with. As a substitute for talking, to express myself between the ages of 5 and 15, I wrote poetry, and one of the ways of working on my stuttering was to read the poems, so somehow poetry became a part of my re-learning to talk."

In "Master Harold" . . . and the Boys, Jones plays Sam, Senela, a waiter in the St. George's Park Tea Room in Port Elizabeth, South Africa. It is the most directly autobiographical of Athol Fugard's plays, and is dedicated to Fugard's father, who is an off-stage presence in the play, and to the real Sam, who was brother, father and friend to the young Harold Athol. Their relationship endured despite the rupture dramatized in the play, a break caused as much by the pressures of apartheid as adolescent rudeness. Jones has known Fugard, who is an actor as well as a playwright, since 1964, when he played one of the two brothers in the American premiere of "The Blood Knot."

"Master Harold" . . . and the Boys is his fourth play by Fugard, a small, intense man whose own complexity and frequent torment made him and Jones an interesting combination. "All of his plays are about friends or relatives meeting or confronting each other in the space of one day and sorting out their problems. Their problems are always affected by apartheid, and they deal with each other in that context, but the plays are not about apartheid. They are very bare-bones characters. There are no layers of sophistication. The blacks and coloreds in his plays have no education, or very little. An actor finds himself confronted with essential humanity. There is



"I love grotesquerie," Jones says.

no eloquence to escape into; the poetry is on a basic, gut level."

He has never been to South Africa. He passed up a chance to see his one-man show about Paul Robeson there several years ago after talking to a Pakistani woman who had recently been freed from jail after a sentence for anti-apartheid activities.

"She said, 'Yes, they would allow you to go there with a red carpet, and give you an integrated theater and carte blanche, because they know you'd be leaving. But there are 100 young black actors who could play that role who would not be allowed to.'"

Jones did his second Fugard play, "Boesman and Lena," right after he had finished a long run with both the play and the movie of "The Great White Hope."

"I had gotten a taste of the heights of success and notoriety," he said, conveying the impression that the memory was not very pleasant. "I wanted to get my feet on the ground again." He found his feet in the bleak, existential terrain in which the nomadic

Boesman and his wife, Lena, travel in despair. "For the first time, I never worried about what the critics would say," he said.

One climactic scene in "Master Harold" . . . and the Boys requires the actor playing Harold to spit in the face of his friend Sam. During rehearsals for the premiere of the play at the Yale Repertory Theater, Fugard, who was also directing, found the actors were avoiding this moment. "Finally, Fugard decided to take matters into his own hands," wrote Mel Gussow in a New Yorker profile. "When it came time for the boy to spit, and he didn't, Fugard . . . placed his hands squarely on either side of [actor Zakes] Mokae's head, held it, and spat repeatedly in his face — a shower of spit in the face of Mokae, who, Fugard says, 'is a man I love more than any other man I know.'"

Jones had no such hesitation at his rehearsals to replace Mokae on Broadway. "I had heard that story of how Athol broke the ice," he said, laughing. "And I didn't want Athol spitting in my face. So I said to the actor playing with me: 'Hail off and hit me with a good wad, because if you don't Athol will.'"

Shocking moments like that are bread and butter to Jones. "I love grotesquerie. I should have been in the theater of the insane. . . I don't like to do what makes people feel good. I'd rather be in a play that disturbs. You have to take those chances for expressing something raw about life."

Fatherhood may have come late to Jones, but he was more than ready for it, and gets almost mystical talking about it.

"I think for the last five years I was going around and every time I saw a pretty girl, I'd say, 'My name is Jim, can you have a baby?'"

He met Cecilia Hart in 1979 when they were both in the television series "Paris." At the time she was married. Jones and Hart were married last year and Flynn arrived four months ago.

"I've always felt [having children] was a necessary part of the cycle of life. Not just to celebrate life, but to continue it."

Knowing my father, I see something special in his genetic makeup, things that deserve to be passed on. And when Flynn came out looking like a combination of my father and hers — whom I love — I knew it was a miracle. "I didn't think it, I knew it was a miracle."

His father, Robert Earl Jones, also an actor, played the part of Luther in "The Sting" and recently, at age 73, completed a film with Ralph Bellamy. Because his father left Mississippi before he was born, Jones did not really know him until adulthood, when he moved to New York.

One of the challenges of "Master Harold" . . . and the Boys was learning enough ballroom dancing to pass as a one-time prize winner. Before doing the play, he thought ballroom dancing was something for old people to do on New Year's Eve. Now he has come to appreciate its peculiar beauty, the sense of harmony that drew Sam Senela. In real life, Fugard did learn to dance from Sam, and went on to win trophies in ballroom competitions.

"I'd like to learn to dance well," Jones said. "I'd like to learn the waltz well, and take Ceci to Roseland."

## PEOPLE

## "Pilot" of Flying Chair Fined \$1,500 by F.A.A.

A truck driver who flew over Long Beach, California, last year in a lawn chair attached to 42 weather balloons was fined \$1,500 by the Federal Aviation Administration. An FAA spokeswoman said the agency had reached a compromise settlement with Larry Walters, 33, stemming from his July 2 flight, in which he attached the balloons in four tiers to a lawn chair he bought for \$110. He had hoped to fly nearly 300 miles from Long Beach to the Mojave Desert, but the wind did not cooperate. Using a pellet pistol to pop some of the balloons once he had climbed to 16,000 feet, Walters ended his two-hour flight only a few miles from his launch site, landing on power lines and blacking out a neighborhood for two hours. The FAA originally charged Walters with failing to obtain an airworthiness certificate for his lawn chair, not staying in radio communication with Long Beach Airport, creating a collision danger to other aircraft and failing to take care to prevent hazards to the life and property of others. But after a hearing earlier this month, the FAA decided that a Walters' chair did not need an airworthiness certificate. The flight exceeded the 3,740-foot altitude record for gas-filled, clustered balloons, the publication, Ballooning, said. But the record was considered unofficial because Walters was not licensed or certificated for the flight and didn't have a proper altitude recording device.

Corinne Hermes of Luxembourg won the 1983 Eurovision song contest in Munich with her rendition of "Si tu vienes un cadeau" (If Life Is Like a Gift) before a television audience estimated at 500 million. Israel's Ofra Haza was second and Carola Häggkvist of Sweden third. Among those connected to the Eurovision network for the event was the Soviet Union, which had no entry in the contest.

Princess Anne of Britain was greeted by an imperial delegation of 42 horses, 30 cows and 425 sheep when she and her husband, Captain Mark Phillips, visited the Imperial Stock Farm north of Tokyo. The royal couple is in Japan for a one-week visit. They are scheduled to meet Emperor Hirohito today at a luncheon in the Imperial Palace.

## INTERNATIONAL CLASSIFIED

## ANNOUNCEMENTS

## SUBSCRIBE to the INTERNATIONAL HERALD TRIBUNE AND SAVE.

As a new subscriber to the International Herald Tribune, you can save up to 50% of the newsstand price, depending on your country of residence.

For details on this special introductory offer, write to:

INT Subscriptions Department, 1250 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Or Tel. Paris 747-1717 ext. 305.

## IN ASIA AND PACIFIC

contact our local distributor or:

International Herald Tribune, 1005 Tat-See Commercial Building, 24-24 Hong Kong, HONG KONG. Tel. HK 5-284726.

## LIVING IN BELGIUM AND LUXEMBOURG

The indispensable guide, 1983 edition now available in both English and French, for both orders, call Brussels (02) 640 62 80.

## DIVORCE BY MAIL FOR US\$70

Send US\$40 for official forms to the Centre Ltd., P.O. Box 1198, 3400 Lehigh, PA 18022.

SUN, LYN, TIMES, et Euro-direct, Kazer, POB 2, 1000 Brussels, Belgium.

## For advertising information

contact the TRIB's office in your country.

HEAD OFFICE

Pariss Max Ferrero, 181 Ave. Charles-de-Gaulle, 92201 Neuilly Cedex, France. Tel. 747.12.65 - Telex 613595.

## EUROPE

Amsterdam: Alfons Gern, Tel. 26 36 15.

Athens: J.C. Remington, Tel. 361 63 97, 360 24 21.

Brussels: Arthur Malinver, Tel. 343 18 99.

Frankfurt: H. Jung or S. Korov, Tel. 72 67 55.

Lausanne: Guy van Thuyne, Tel. 29 58 94.

Milano: Rita Ambar, Tel. 67 27 93 & 66 24 44.

London: Karin Forman, Tel. 01 636 4802.

Madrid: A. Umkoff-Sarmiento, Tel. 455 28 91 & 455 33 04.

Rennes: Antonio Sambrato, Tel. 679 34 37.

Vienne: Corine, Frankfurt office.

## OTHERS

Hong Kong: C. Cheney, Tel. 5-420 006.

New York: Sandy O'Hara, Tel. 752 38 90.

Singapore: Shirley Lee, Tel. 748 21 83.

Tel Aviv: Dan Bleich, Tel. 229 873.

25% per year! Are your investments performing that well?

Trans World Commodities, the experts in computer traded systems would like to help you make money in commodity, currency, gold and interest rate futures. (Minimum investment \$25,000.)

Write or phone TODAY: The World Commodities Ltd., Administration Office, 10000 Lodi Court, Suite 8, 1000 Lodi, California 94551. Tel. 510-265-2515. Fax 510-265-2516.

## ANNOUNCEMENTS

Anybody who can be instrumental in locating by address or tel. no. Philippine contacts will be rewarded. Box 397, Herald Tribune, 92201 Neuilly Cedex, France.

## WITH A PRIVATE AIRCRAFT

Charmagne, Côte d'Azur, Bordeaux. GUIDE SERVICE on request. PARIS 527 81 99.

## CHARCUTERIE

Intercontinental one week course, May 2-6, from 6 pm to 8:30 pm. P.O. Box 10, La Verrière, Côte de France, 92130 St. Maurice, Paris 75007. Tel. 705 10 16.

## ALCOHOLICS

ALCOHOLICS ANONYMOUS in English daily. Paris 654 97 65.

## PERSONALS

FRITZ, HAVE A SPLENDID 3rd birth day. Love Sharon.

## MOVING?

PARIS DESORDRES INTL. (01) 343 23 64.

## GERMANY

FRANKFURT Int'l Moving Service (JAL) 069 171 0006.

## LONDON

AMERICAN INTL MOVING (043) 498 161.

## HOLLAND

NYMAN INTL BV (010) 237 255.

## CAIRO, Egypt

AFRICA TRANSPORT 631 554.

## CARACAS, Venezuela

U.S.A. VAN LINES INTL. (0101) 313 681 8100.

## ECONOMY RENOVATIONS

Baggage and complete household worldwide. Tel. Paris (01) 758 12 40.

## ALPHA - TRANSIT

PARIS, Tel. 263 90 75. Sea and air moving. BUREAU AIR FREIGHT, removal, TRANSCAR, Paris (01) 500 03 04.

## REAL ESTATE FOR SALE

FRENCH PROVINCES

COTE D'AZUR

ST JEAN CAP FERRET

Modern style villa, large living with fireplace, dining room, 7 bedrooms, 6 bathrooms, 100 sqm of land, swimming pool, large heated swimming pool, 100 sqm of land, very beautiful trees, both front and rear. Unsurpassable panoramic view and mountain view. Call and request brochure. Phone 745 00 00.

L'UNIVERSELLE

4 Ave Georges Clemenceau 06100 Nice. Tel. 938 84 48.

## REAL ESTATE FOR SALE

ATHENS NEAR RITONIS Sq. Luxury 3 bedroom apartment, top floor, wonderful surrounding, 130 sqm, 100m from the sea, 100m from the airport. Tel. 210 720 1000.

## PARIS &amp; SUBURBS

American Hospital, Neuilly 26 sqm, studio, completely equipped, in high class building. Tel. 240 67 36 / 66.

## SAINT-DENIS

20 Place Vendôme, 75001 Paris. Tel. 240 67 36 / 66.

## AGENCE DE L'ETOILE

340 26 08 16th, superb apartment, 3 bedrooms, 6 bedrooms, 5 baths. P.4700/00.

## WEST INDIES

ST. MAARTEN, NETHERLANDS, Antilles, 2 bedrooms, 3 bath apartment in the new and beautiful Carriacou Beach Hotel. Swimming pool, restaurant, near casino. Contact: C.S. Govers 01-22 6201 London, or write: C.S. Govers, 11 St. NW, Washington, D.C. 20004.

## REAL ESTATE TO RENT/SHARE

CORSICA: Private villa, 30 minutes from Bastia and 15 minutes from Ajaccio. Tel. 0491 450 223.

## HOLLAND

HOMERIDES INTL. For your house/flat in Amsterdam. See advertisement 10717 in Amsterdam 020/797556.

## REAL ESTATE TO RENT/SHARE

GREAT BRITAIN

CENTRAL LONDON - Executive service apartment in new building, fully equipped. Daily maid service (Mon through Fri). Color TV, phone for free. Tel. 01-277-9482.

LONDON - For furnished flat & houses, the service leasing U.S. Corporations use. American & English. Tel. London 722 7100, Telex 94601.

LONDON NEW LUXURY FLATS. Complete & heated pool. Single or double. Tel. 01-277-9482.

LONDON. For the best furnished flat with house, contact the Specialists. Tel. 01-277-9482.

ITALY

PORTOFINO. Splendid house, luxury furnished, 5 bedrooms, 6 baths, garden, terrace, view harbor, available from June 1st to September 1st. Tel. 06-475 1977.

RAPALLO. Luxury furnished 2 bed-room flat, 2 bedrooms, 2 baths. Tel. 010-222 2222.

PARIS AREA FURNISHED

EMBASSY SERVICE

8 Ave. de la Madeleine, 75008 Paris. Tel. 01-4611 7666.

Your Real Estate Agent IN PARIS 562 78 99

74 CHAMPS-ELYSEES 8th

In the heart of business district, 2 or 3 room apartment, 1 or 2 bedrooms, 1 or 2 baths, 1 month or more. Maintenance, taxes, reception facilities. Tel. 359 67 97.

INTERNATIONAL BUSINESS MESSAGE CENTER

ATTENTION BUSINESSMEN: Publish your business message in the International Herald Tribune, where more than a third of a million readers worldwide, most of whom are in business and industry, will read it. Just take us (Paris 613595) before 10 a.m., ensuring that we can take you back, and your message will appear within 48 hours. The rate is U.S. \$8.60 or local equivalent per line. You must include complete and verifiable billing address.

## BUSINESS OPPORTUNITIES

BROKERS

We believe your company can earn more by investing in our concept. Income projections were prepared by an International Accounting Firm. Average yearly return exceeding 100% for the first 20 years.

Ideal investment with income continuing indefinitely. Minimum investment \$10,000. Attractive commissions. For complete details write to:

DELTA Ltd., P.O. Box 2689, 1005 Lausanne, Switzerland. Tel. 25185

COMPUTER PORTRAITS. Printed on ultra high speed color laser that can earn you \$4000 - \$8000 / month. Color, 8 & 16 new & used systems for immediate delivery. \$10,000 - \$50,000. Kenna GmbH, Dept. AGA, Postfach 17082, 4000 Frankfurt, West Germany. Tel. 0611-747008. Telex 412713 KENNA.

ISRAELI CLEARED Life Agents. Universal Life marketing seminar. Best A + company will be showing their performance. Universal Life with top commissions. For invitation, write: ESO, P.O. Box 1400, 6200 Kfar Saba, Israel.

CANADA - If you want to buy a business, or if you want to sell one, contact: STAR P.O. Box 256, O-14033, Zurich, Switzerland.

COTE D'AZUR, CANNES. House shop, office, restaurant, tennis courts, European, Mediterranean, contact: Edouard, 10000 Lodi Court, Suite 8, 10000 Lodi, California 94551. Tel. 510-265-2515.

U.S. TAX RETURNS - ROME/NICE. Tax planning & advice from, and tax return preparation under the supervision of U.S. tax lawyer of wide experience and some discretion. Tel. Rome 475 8203 / 656 1656. Tel. 01-01/2141 61. Tel. 01-812551 INOF.

274 Telex 604476 BROADL, N.

## REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

AT HOME IN PARIS

FURNISHED & UNFURNISHED APARTMENTS FOR RENT OR SALE. 25 Ave. Hoche 75008 Paris. 563 25 60

H. INTERNATIONAL

511 Ave. de la Madeleine, 75007 Paris. Tel. 01-4611 7666.

1st CLASS APARTMENTS & HOUSES FURNISHED & UNFURNISHED

15 ST LOUIS

Exceptional, luxuriously furnished, triple room, 1 bedroom, 3 baths, modern kitchen. P.30000. Tel. 265 51 45.

NEUILLY

Sumptuous reception & 6 bedrooms, 4 baths. EMBASSY SERVICE: 543 68 38

16th FLOOR

Very luxurious apartment, 4 rooms, 2 baths. Tel. 225 22 25.

NEAR VICTOR HUGO & Trocadéro.

Exceptional, luxuriously furnished, triple room, 1 bedroom, 3 baths, modern kitchen. P.30000. Tel. 265 51 45.

CHAMPS-ELYSEES 8th

In the heart of business district, 2 or 3 room apartment, 1 or 2 bedrooms, 1 or 2 baths, 1 month or more. Maintenance, taxes, reception facilities. Tel. 359 67 97.

INTERNATIONAL BUSINESS MESSAGE CENTER

ATTENTION BUSINESSMEN: Publish your business message in the International Herald Tribune, where more than a third of a million readers worldwide, most of whom are in business and industry, will read it. Just take us (Paris 613595) before 10 a.m., ensuring that we can take you back, and your message will appear within 48 hours. The rate is U.S. \$8.60 or local equivalent per line. You must include complete and verifiable billing address.

BUSINESS OPPORTUNITIES

BROKERS

We believe your company can earn more by investing in our concept. Income projections were prepared by an International Accounting Firm. Average yearly return exceeding 100% for the first 20 years.

Ideal investment with income continuing indefinitely. Minimum investment \$10,000. Attractive commissions. For complete details write to: